

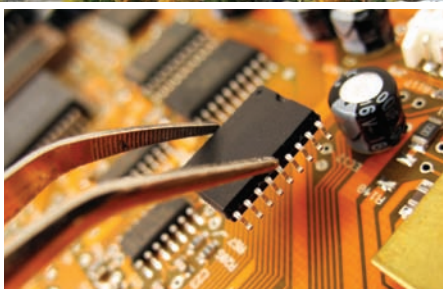
# Best-Performing Cities 2008

Where America's Jobs Are Created and Sustained

September 2008

Ross DeVol, Armen Bedroussian,  
Kevin Klowden, and Soojung Kim

PROVO-OREM, UTAH  
*Best-Performing City*



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## About Greenstreet Real Estate Partners

Greenstreet Real Estate Partners is an investment and asset management company operating throughout the United States since 1983. Its principals apply creative, entrepreneurial strategies that consistently deliver strong operating results and financial returns. Greenstreet has developed a streamlined approach to investment with an opportunistic focus on high-growth markets and value creation acquisitions. Greenstreet's principals possess extensive experience navigating volatile and distressed markets that uniquely positions the firm to take advantage of market turbulence. Because the firm invests the equity and capital of its principals, it can execute transactions quickly and apply its investment strategies to a diverse range of property types.

Greenstreet's proficiency in asset management is an ideal complement to its investment expertise. Through financial structuring, adroit leasing strategies, renovation, repositioning, or redevelopment, Greenstreet consistently optimizes property value within its hold periods. Greenstreet's asset management portfolio includes more than 800 educational facilities owned by Knowledge Learning Corporation, operating as KinderCare and Knowledge Beginnings centers. Greenstreet's principals and executive team have completed more than \$15 billion in transactional volume in public and private structures.

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## About the Milken Institute

The Milken Institute is an independent economic think tank whose mission is to improve the lives and economic conditions of diverse populations in the United States and around the world by helping business and public policy leaders identify and implement innovative ideas for creating broad-based prosperity. We put research to work with the goal of revitalizing regions and finding new ways to generate capital for people with original ideas.

By creating ways to spread the benefits of human, financial, and social capital to as many people as possible—by *democratizing* capital—we hope to contribute to prosperity and freedom in all corners of the globe.

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## Executive Summary

Over the past decade, the Milken Institute has regularly analyzed U.S. metropolitan areas to determine which cities are most successful at creating and sustaining jobs. Global, national, and regional economic trends are reflected in the annual rankings, shedding light on where businesses are thriving or struggling, and where wages are growing or lagging. In the Milken Institute and Greenstreet Real Estate Partners' *Best-Performing Cities 2008* index, we see a continuation of trends that were already becoming evident in last year's figures, along with new developments that are affecting the outlook for communities across the country.

As regional growth rates diverge, human capital shifts from areas with weaker growth to locations experiencing more rapid gains. Cities with large concentrations of technology firms have been performing quite well, as have metros that are highly dependent on export-intensive industries. Rising energy prices have hindered the performance of cities where industries with high energy use are the key drivers, while benefiting those regions with significant oil and gas production and exploration activities. Faced with weaker job and wage growth, along with losses in home equity and rising commodity prices, consumers have cut back their expenditures on discretionary items such as cars, appliances, and other durable goods—and metros that are heavily dependent on the production of consumer durables have seen their economies falter.

As businesses, labor, investors, and public officials plan their next moves, the *Best-Performing Cities* index provides important benchmarks for charting a course. The combination of long- and short-term measures provides an indicator of whether each city is developing a prosperous, competitive economy and a stable society.

## National Conditions

U.S. economic growth weakened in 2007. Real GDP rose 2.1 percent in 2007, down from the 2.9 percent increase achieved in 2006, and most of that growth occurred in the early part of the year. Job growth slowed to 1.1 percent in 2007, a decline from the 1.8 percent recorded in 2006. International trade kept the economy from experiencing an even more dramatic slowdown in 2007, as the falling dollar and continued strong economic expansion abroad produced robust gains in exports and substantially diminished increases in imports. Business investment in structures (and, to a lesser extent, in equipment) was strong in 2007.

The primary culprit behind the economic slowdown was the bursting of the bubble in the housing market. In 2007, existing home sales dropped 13.0 percent, new home sales declined 26.0 percent, housing starts plunged by 25.0 percent, and residential fixed investment fell 17.0 percent.

Economic conditions deteriorated even further in the first half of 2008 under the weight of multiple challenges: the contraction of the housing market, rising agricultural and commodity prices, oil prices above \$120 per barrel, overall inflation exceeding wage growth, a continuing credit crunch, declining employment figures, and consumers facing excessive debt-servicing burdens. The U.S. economy slowed to a crawl, at best, though it is more likely that the nation actually entered a mild recession in 2008. These factors will further change the patterns of economic growth around the country and will surely impact next year's rankings.



## The Top 25 Best-Performing Cities

Texas performed particularly well in the 2008 index, with six cities placing in the top twenty-five large metros (more than any other state). Thanks to its heavy concentration of oil and gas operations, Texas was a clear beneficiary of rising energy prices and renewed activity in the industry. Additionally, several Texas metros received a boost from continued strength in technology hardware and services. While the housing downturn has been severe in states such as Florida, California, Arizona, and Nevada, Texas has not experienced a similar decline.

**Table 1. Best-performing cities: top twenty-five large metros**

Rank in 2008 index

Metropolitan Statistical Area (MSA)	2008 rank	2007 rank
Provo-Orem, UT	1	8
Raleigh-Cary, NC	2	10
Salt Lake City, UT	3	18
Austin-Round Rock, TX	4	20
Huntsville, AL	5	16
Wilmington, NC	6	2
McAllen-Edinburg-Mission, TX	7	7
Tacoma, WA*	8	50
Olympia, WA	9	37
Charleston-North Charleston-Summerville, SC	10	12
Orlando-Kissimmee, FL	11	5
Bakersfield, CA	12	17
Killeen-Temple-Fort Hood, TX	13	33
Lafayette, LA	14	24
San Antonio, TX	15	43
Houston-Sugar Land-Baytown, TX	16	32
Seattle-Bellevue-Everett, WA*	17	77
Ogden-Clearfield, UT	18	42
Myrtle Beach-North Myrtle Beach-Conway, SC	19	11
Greeley, CO	20	29
Durham, NC	21	74
Nashville-Davidson-Murfreesboro-Franklin, TN	22	61
Dallas-Plano-Irving, TX*	23	59
Savannah, GA	24	34
Des Moines-West Des Moines, IA	25	58
*Indicates Metropolitan Division		
Source: Milken Institute		

All three of Utah's largest metros ranked among the nation's top twenty-five performers. In fact, Utah claimed two of the top three spots in the index, and **Provo-Orem** emerged as the best-performing city of 2008. Two other states, North Carolina and Washington, placed three metros among the top twenty-five. Most of these cities witnessed strong growth in their technology industries. All the technology centers in the top echelon improved their ranking from last year. South Carolina was the only other state with more than one metro in the top twenty-five.

The South had sixteen metros among the top twenty-five in the nation, surpassing last year's performance by one despite the falloff experienced in Florida. The West had eight metros in the top tier. (Only one California metro, **Bakersfield**, remains on the list.)



There was a ray of good news for the heartland: **Des Moines–West Des Moines, Iowa**, cracked the top twenty-five, a change from last year's index, in which no metros from the Midwest made the list. Unlike most other Midwest metros, Des Moines has produced growth in professional services, with financial services as the primary engine of its job creation.

At the other end of the spectrum, nine Midwest metros finished in the bottom ten of the 200 largest metros in the country—and all are in Michigan or Ohio. The Northeast again failed to place a single city in the top twenty-five this year. Its best-ranked metro, **Trenton-Ewing, New Jersey**, placed 62nd overall.

### This Year's Best-Performing City: Provo-Orem, Utah

**Provo-Orem, Utah**, jumps into the no. 1 ranking, an improvement from last year's 8th-place finish. The area's economy has been generating jobs at a pace far above the national average over the past five years. Its job growth performance remained strong in 2007 at 5.0 percent, placing the metro 3rd in the nation in this indicator. The quality of jobs being created has been high as well, a fact borne out by its 3rd-place position in wage and salary growth in 2006. Much of the area's economic growth has been fueled by a remarkable recovery in high-tech information services and hardware. Provo-Orem has benefited from increased research and associated spin-off activity at Brigham Young University (BYU). Superior job growth has led to high rates of migration to the area, spurring housing and non-residential construction building activity.

### The Ten Largest Cities

Because America's largest metropolitan areas are characterized by high density, with minimal room for expansion, we have broken out their performances separately. It isn't reasonable to expect cities like Los Angeles, New York, or Chicago to grow at the same rate as Provo, Raleigh, or Austin. However, the big metro areas could learn something from the favorable business climates promoted by these fast-growing areas.

The best performer among the nation's largest metros, with an overall ranking of 16th place, **Houston–Sugar Land–Baytown, Texas**, expanded its job base by a whopping 3.2 percent between March 2007 and March 2008, the second-largest increase in the nation. The one-year indicators for job and wage growth also showed robust gains, rising 3.0 and 4.0 percentage points faster, respectively, than the national average. Opportunities stemming from the energy industry, specifically with respect to oil exploration in the Gulf, have been a key engine of growth. Industries that support oil exploration have also been performing well. The heavy and civil engineering construction sector expanded by 5,700 jobs, while specialty trade contractors added another 7,800 workers in 2007.

### The Biggest Gainers

The biggest gainers on the 2008 index rose for a variety of reasons, but they do share some commonalities. Most of these metros never experienced a housing-price bubble, so they are now being spared the pain of a major correction and its attendant ripple effects. Some have benefited from increased energy-related activity, while others improved due to the continued strength in the technology sector. Several rose courtesy of more aircraft production over the past couple of years. Metros dependent on industries with rising exports have risen in the rankings, courtesy of the depreciating dollar.





The most improved metro, **El Paso, Texas**, climbed an impressive eighty-five spots to place 37th overall. El Paso saw a boost in economic activity due to a major expansion of the U.S. Army base at Fort Bliss under the Pentagon's Base Realignment and Closure (BRAC) program. Nearly 21,000 soldiers are expected to transfer from other bases, with more than 7,000 having already arrived so far.

### **The Best-Performing Small City**

**Midland, Texas**, was the best performer among the 124 small cities in our 2008 index, improving from last year's 3rd-place finish. (Note that last year's small-city index ranked 179 metros.) In our one-year indicator for job growth, which covers 2006 to 2007, employment increased by 4.3 percent in this region, outpacing the national average by 3.2 percentage points. Oilfield services—including the drilling of oil and gas wells and oil and gas operations—provide almost 6,900 jobs (or 10.4 percent of total jobs in Midland); this industry recorded an 11.3 percent average annual increase between 2002 and 2007.



## Introduction

The *Best-Performing Cities* index was designed to measure which U.S. metropolitan areas are most successful in terms of job creation and retention, the quality of jobs being produced, and overall economic performance. Specifically, it pinpoints where jobs are being created and maintained, where wages and salaries are increasing, and where economies and businesses are growing and thriving.

The index allows businesses, industry associations, economic development agencies, investors, academics, and government and public policy groups to assess, monitor, and gain insight into each metro's relative performance. It also provides benchmarking data that can be used in developing strategies to improve and maintain a metro's economic performance. Moreover, it is a tool for understanding consumer and business expansion opportunities. In today's economic slowdown, it helps determine which regional markets may have the lowest risk. The 2008 index applies the methodology used in previous indexes.

The index employs geographic terms used by the Office of Management and Budget (OMB), which in turn uses data from the 2000 Census. The OMB defines a *metropolitan statistical area* (MSA) as a region generally consisting of a large population nucleus and adjacent territory with a high degree of economic and social integration, as measured by community ties.<sup>1</sup> Using these parameters, the agency identifies 361 metropolitan statistical areas. County population growth accounts for the creation of new MSAs.

If specific criteria are met, an MSA with a single nucleus and a population of 2.5 million or more is further divided into geographic areas called *metropolitan divisions*. There are currently twenty-nine metropolitan divisions. For example, two metropolitan divisions (Dallas-Plano-Irving and Fort Worth–Arlington) make up the Dallas–Fort Worth–Arlington MSA. We include the smaller metropolitan divisions in the index to reflect more accurate geographic growth patterns.

### Outcomes-Based, Not Cost-Based

The components shown in the following table are used to calculate our index rankings. The index measures growth in jobs, wages and salaries, and technology output over a five-year span (2002–2007) to adjust for extreme variations in business cycles. It also incorporates the latest year's performance in these areas. Lastly, it includes the latest twelve-month job growth performance (March 2007 to March 2008) to capture the relative recent momentum among metropolitan economies.<sup>2</sup> Employment growth is weighted most heavily in the index because of its critical importance in determining community vitality. Wage and salary growth measures the quality of the jobs being created and sustained. Technology output growth is also an important element in determining the economic vibrancy of cities.

We have incorporated other measures to reflect the concentration and diversity of technology industries within the MSAs. High-tech location quotients (LQs, which measure the concentration of the technology industry in a particular metro relative to the national average) are included to indicate a metro's participation in the knowledge-based economy.<sup>3</sup> We also measure the number of specific high-tech industries (out of a possible twenty-five) whose concentrations in an MSA are higher than the national average.

The *Best-Performing Cities* index is solely an outcomes-based measure. It does not incorporate explicit input measures (such as business costs; cost-of-living components, such as housing; and other quality-of-life measures, such as commute times or crime rates). Static input measures, although important,



are subject to large variations and can be highly subjective, making them less meaningful than more objective indicators of outcome.

Businesses choose to locate in particular areas for various reasons. Some, for instance, opt to remain in high-cost cities despite the availability of lower-cost locations. The output measures used for this index include the benefits of situating in expensive locations. Theoretically, a prospering region will raise wages and rents as its businesses tap into more human capital and available space. Nevertheless, holding all other factors constant (such as the productivity associated with being in one location versus another), a company will generally choose to locate where business costs are lower and employees enjoy higher living standards.

**Table 2. Components of the Best-Performing Cities index**

Component	Weight
Job growth (I=2002)	0.143
Job growth (I=2006)	0.143
Wage and salary growth (I=2001)	0.143
Wage and salary growth (I=2005)	0.143
Short-term job growth (Mar 07-Mar 08)	0.143
Relative high-tech GDP growth (I=2002)	0.071
Relative high-tech GDP growth (I=2006)	0.071
High-tech GDP location quotient	0.071
Number of high-tech GDP LQ>1	0.071

Note: I refers to the beginning year of the index.  
Source: Milken Institute

## National Economic Conditions

The U.S. economy slowed substantially in 2007 and may have entered a recession by year-end. Real GDP rose 2.1 percent in 2007, down from the 2.9 percent increase in 2006, and most of that growth occurred earlier in the year. Job growth was 1.1 percent in 2007, a decline from the 1.8 percent recorded in 2006. International trade kept the economy from experiencing an even more dramatic slowdown in 2007 as a falling dollar and continued strong economic expansion abroad resulted in robust gains in exports and substantially diminished increases in imports. Business investment in structures was strong in 2007, as was (to a lesser extent) investment in equipment.

Just as the end of the dot-com and technology bubble sparked the 2001 recession, today it is the bursting of the housing bubble that has precipitated a decline in economic activity.<sup>4</sup> The correction in housing started to unfold in 2006, with residential fixed investment spending falling by 4.6 percent. The correction accelerated in 2007, with existing home sales dropping by 13.0 percent, new home sales declining by 26.0 percent, housing starts plunging by 25.0 percent, and residential fixed investment falling another 17.0 percent. As the initial teaser rates on adjustable-rate mortgages (ARMs) reset and housing prices plummet, foreclosure rates are skyrocketing, further weakening prices. Many homes were purchased with little or no down payment, and due to falling home prices, their loan-to-value ratios are over 100, making it difficult for homeowners to refinance mortgages. Housing market activity will contract by an even greater percentage in 2008 and is unlikely to bottom out until sometime in 2009. This will cause dramatically disparate impacts on metros around the country.



Rising energy prices, especially in oil and refined petroleum products, is another strong headwind that slowed economic growth in late 2007 and has taken a major toll in 2008. As higher crude prices filter into downstream prices for gasoline, jet fuel, home heating oil, and other refined-petroleum products, energy costs are eating up a greater share of household income. This has forced consumers to cut purchases of discretionary items such as autos, furniture, appliances, and other durable goods. Higher energy prices have also harmed energy-intensive industries, such as airlines and chemical producers. Metros with a high concentration of energy-reliant industries have been harmed. On the other hand, metros with significant oil and gas production and exploration activities have seen higher energy prices acting as a stimulus.

Exports of goods and services were the strongest segment of the U.S. economy in 2007. Real exports of goods and services rose by 8.1 percent in 2007, a minor decrease from the 8.4 percent gain of 2006. Rapid growth in exports has mitigated the impact of declining domestic sales of manufactured goods. Metros with high concentrations of exporters have benefited from rising international demand for U.S. products.

U.S. economic conditions deteriorated even further in the first half of 2008, as growth slowed to a crawl (at best) or, more likely, a mild recession took hold. Multiple challenges converged simultaneously: the continued contraction of the housing market, rising agricultural and commodity prices, a sharp spike in oil prices, overall inflation exceeding wage growth, a continuing credit crunch, declining employment figures, and a consumer increasingly squeezed by excessive debt-servicing burdens. These factors will further impact the patterns of economic growth around the country in the months to come and will surely impact next year's rankings.





## The Biggest Gainers

The biggest gainers on the 2008 *Best-Performing Cities* index rose for a variety of reasons, but they do share some commonalities. The majority of these metros didn't experience a drastic housing-price bubble and an overbuilt market, so they haven't seen a major correction in new home construction and the attendant loss of construction employment, along with the ripple effects on their economies. Some have benefited from increased energy-related activity, while others improved due to the continued strength in the technology sector. Several rose courtesy of more aircraft production activity over the past couple of years. Metros dependent on industries producing rising exports have improved in the rankings, courtesy of a depreciating dollar. Upward revisions to previous job gain estimates were reported in many of these metros as well.

The most-improved metro, **El Paso, Texas**, climbed an impressive eighty-five spots to place 37th overall. El Paso saw a boost in economic activity due to a major expansion of the U.S. Army base at Fort Bliss under the Pentagon's Base Realignment and Closure (BRAC) program. Nearly 21,000 soldiers are expected to transfer from other bases, with more than 7,000 having already arrived so far.<sup>5</sup>

**Table 3. Biggest gainers**

Change in rankings

Metropolitan Statistical Area (MSA)	2008 rank	2007 rank	Spots climbed
El Paso, TX	37	122	+85
Asheville, NC	46	117	+71
Wichita, KS	45	114	+69
Shreveport-Bossier City, LA	67	131	+64
New York-White Plains-Wayne, NY-NJ*	85	148	+63
Denver-Aurora, CO	44	106	+62
Seattle-Bellevue-Everett, WA*	17	77	+60
Oklahoma City, OK	50	108	+58
Durham, NC	21	74	+53
Greenville-Mauldin-Easley, SC	68	121	+53
Syracuse, NY	127	174	+47
Spokane, WA	35	81	+46
Nassau-Suffolk, NY*	96	139	+43
Tacoma, WA*	8	50	+42
Bridgeport-Stamford-Norwalk, CT	93	135	+42
Augusta-Richmond County, GA-SC	121	163	+42
Amarillo, TX	49	89	+40
Pittsburgh, PA	136	176	+40
Nashville-Davidson-Murfreesboro-Franklin, TN	22	61	+39
Lynchburg, VA	71	110	+39
Kansas City, MO-KS	77	116	+39
Indianapolis-Carmel, IN	81	120	+39

\*Indicates Metropolitan Division

Source: Milken Institute





## The Biggest Losers

Most of the metros experiencing the most precipitous declines in the 2008 rankings were the epicenters of the housing decline. Many experienced a rise in home sales and prices far in excess of the underlying fundamentals earlier this decade. Some had a high share of sub-prime mortgage loan issuance over the past several years, and as interest rates on ARMs adjusted higher, delinquency and foreclosure rates soared. Housing prices have plummeted in the majority of these markets and new home construction has ground to a halt. Additionally, several had a high concentration of mortgage originators and have experienced a dramatic decline in financial services employment. Thirteen out of the twenty biggest decliners are in Florida, California, or Nevada, reflecting the severity of the housing downturn in those markets.

**Vallejo-Fairfield, California**, saw the biggest plunge, falling a precipitous 123 spots to 145th. This metro area has taken one of the hardest hits in the nation from recent housing woes. The economic and financial consequences have been so severe, in fact, that the city of Vallejo was forced to declare bankruptcy.

**Table 4. Biggest losers**  
Change in rankings

Metropolitan Statistical Area (MSA)	2008 rank	2007 rank	Spots down
Vallejo-Fairfield, CA	145	22	-123
Oxnard-Thousand Oaks-Ventura, CA	140	27	-113
Reno-Sparks, NV	133	26	-107
Cape Coral-Fort Myers, FL	120	13	-107
Naples-Marco Island, FL	83	6	-77
Poughkeepsie-Newburgh-Middletown, NY	159	87	-72
Lakeland-Winter Haven, FL	98	28	-70
West Palm Beach-Boca Raton-Boynton Beach, FL*	105	36	-69
Las Vegas-Paradise, NV	75	9	-66
Deltona-Daytona Beach-Ormond Beach, FL	92	30	-62
Santa Ana-Anaheim-Irvine, CA*	106	49	-57
Palm Bay-Melbourne-Titusville, FL	104	48	-56
Wilmington, DE-MD-NJ*	178	124	-54
Honolulu, HI	94	40	-54
Riverside-San Bernardino-Ontario, CA	53	3	-50
Birmingham-Hoover, AL	150	101	-49
Modesto, CA	162	115	-47
Camden, NJ*	109	62	-47
Richmond, VA	102	56	-46
Hagerstown-Martinsburg, MD-WV	112	71	-41

\*Indicates Metropolitan Division

Source: Milken Institute



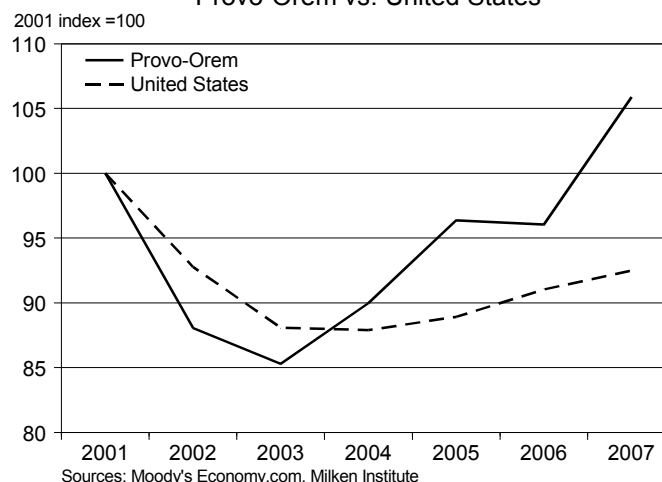




## The Best-Performing Large Cities

**Provo-Orem, Utah**, jumps into the no. 1 ranking in the 2008 *Best-Performing Cities* index, posting a solid improvement from last year's 8th-place finish. The area's economy has been generating job growth far in excess of the national average over the past five years. From 2002 to 2007, Provo-Orem has seen its employment base expand 16.5 percentage points faster than the U.S. average, ranking 5th overall in this indicator. Its job-growth performance remained strong in 2007 at 5.0 percent, placing the metro 3rd in the nation in this measure. The quality of jobs being generated has been high as well, highlighted by its 3rd-place position in wages and salary growth in 2006. Much of its economic growth has been fueled by a remarkable recovery in high-tech information services and hardware. Provo-Orem has benefited from increased research and associated spin-off activity at Brigham Young University (BYU). Superior job growth has sparked high rates of migration to the area, further spurring housing and non-residential construction building activity.

**Figure 1. High-tech employment**  
Provo-Orem vs. United States



Like many high-tech areas of the country, Provo-Orem experienced a dramatic decline in employment at its leading firms when the technology bubble burst earlier this decade. However, while national high-tech employment has never regained the levels achieved in early 2001, Provo-Orem has actually managed to eclipse its previous peak. Its new Micron Technology/Intel flash memory plant has expanded employment in this high-paying sector.<sup>6</sup> Software technology is another important driver for the area's economy. Provo-Orem is 3.3 times more dependent on software employment than the national average, with Novell and Symantec as key anchors. BYU has also expanded its research budget, increased student enrollment, and has become the center of an emerging life sciences cluster. A number of companies have either been spun out or launched based on university-developed intellectual property.

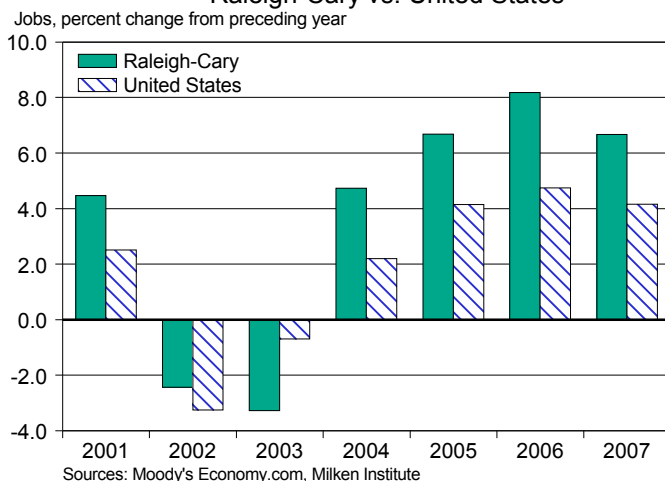
Broad-based job growth led to high rates of net migration into Provo-Orem. From a low of 1,600 in 2004, net migration rose to an estimated 10,000 in 2007.<sup>7</sup> This population growth is self-reinforcing, as it drove higher consumer purchases and greater demand for housing. New residential construction activity was brisk (although it has fallen off in recent months), with building construction employment



rising by an average of 15.8 percent over the last five years. Construction generated more than 25 percent of all jobs created in 2006 and 2007. A retrenchment in new home construction will reduce future job growth in Provo-Orem, but national business investment in information and communication technology remains fairly strong despite the economic downturn and should mitigate the extent of the slowdown in Provo-Orem.

**Raleigh-Cary, North Carolina**, leapt to 2nd place this year, up from 10th in last year's rankings. At 5.5 percent, its job growth was 2nd in the nation in 2007. Despite some slowing this year, job growth over the twelve-month period from March 2007 to March 2008 was 1st in the nation at 3.6 percent. Like many tech centers, its economy took a hit in the national tech implosion of 2001; however, Raleigh-Cary's technology sectors have recovered and aided economic expansion. Professional and business services have witnessed robust growth, and state government employment provides some stability. Stellar economic growth was reinforced by high net migration, which rose to an estimated 36,000 in 2007.

**Figure 2. Professional, scientific, and technical services**  
Raleigh-Cary vs. United States

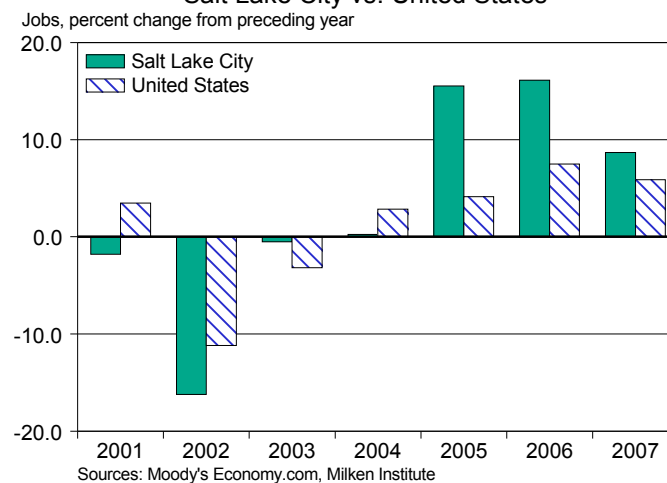


Raleigh-Cary has developed into one of the premier technology clusters in the nation. Top-notch universities (North Carolina State and the University of North Carolina, Chapel Hill) serve as research anchors and provide high-quality talent at moderate wage levels relative to other U.S. tech centers.<sup>8</sup> The relatively low cost of living is a major recruiting advantage for the area. Universities and other research centers interact with the business community to form a closely integrated network that aids economic development. IBM has a major presence in the area, employing more than 13,000 workers.<sup>9</sup> SAS Institute, the statistical software giant, is also headquartered here, while Red Hat is another major player. The biopharmaceutical sector has been growing, with GlaxoSmithKline being the largest employer in this field. Overall, the region is more than 50 percent more dependent on the high-tech sector than the national average. The high knowledge content of the region's economy is reflected in per capita income roughly \$4,000 above the average for North Carolina as a whole. Raleigh-Cary won't escape the national housing market correction, but it should avoid the steep declines in new construction activity and prices that other areas will experience.



**Salt Lake City, Utah**, improved to take the 3rd spot this year, rising fifteen places from its 2007 ranking. While it lands in the top five in only one of the individual components that comprise the index, it consistently achieves upper-tier ranking. As with the top two metros, the high-tech sector played a role in propelling Salt Lake City up the list, but in this case, energy operations factored into the outcome as well. Computer systems and related design is an important driver of economic growth in the area's economy. Salt Lake City has become an important regional financial center, with Zions Bancorporation employing 9,500 and Discover Financial Services basing major operations in the area.<sup>10</sup>

**Figure 3. Computer systems design and related services**  
Salt Lake City vs. United States



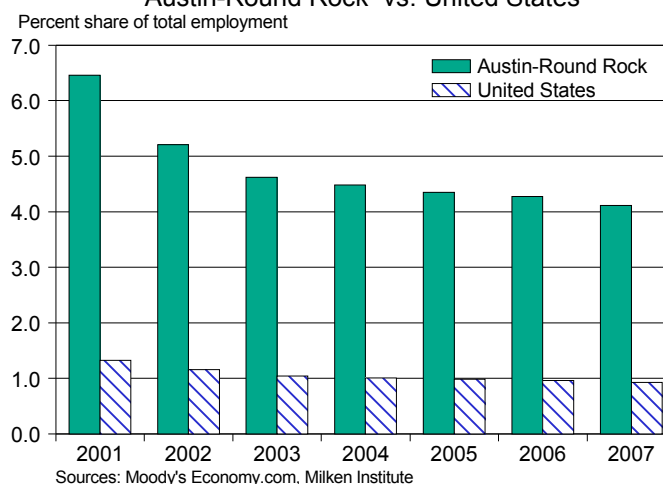
Health care is an important component of the area's economy; Intermountain Health Care employs more than 27,000 workers.<sup>11</sup> The University of Utah is an important player in medical research, and the state has supported commercialization activities through its Centers of Excellence program funding. The state government is the largest employer—and while many state capitals are experiencing severe budget shortfalls, Utah's finances have been managed in a fiscally prudent manner. This should allow Salt Lake City to avoid cutbacks in government employment. Travel and tourism activity is another vital sector for the area's economy. The local housing sector is slowing, with building permits running at approximately one-half their peak level in 2005. Nevertheless, strong export markets and continued high levels of business investment in information technology leave Salt Lake City well positioned relative to other areas of the nation.



**Austin–Round Rock, Texas**, a thriving example of a 21st-century knowledge-based community, soars sixteen places from last year's ranking to stand at 4th overall in 2008. Its economy has recently gained forward momentum as evidenced by two job growth indicators: one showing growth from 2006 to 2007 and another measuring the twelve months from March 2007 to March 2008. Austin placed 4th in the nation in both of these categories, while its five-year job growth ranking from 2002 to 2007 was 21st.

Austin–Round Rock ranks 10th in the nation in terms of the importance of the high-tech sector to its local economy. Among high-tech industries, its highest concentration is in computer and electronic product manufacturing; it is four-and-a-half times more dependent on this sector than the nation overall. Dell is the major computer manufacturer, along with IBM; electronic component firms Applied Materials, Advanced Micro Devices, Flextronics, Samsung Austin Semiconductor, and others play a major role in the area's economy.<sup>12</sup> Even Google recently announced that it chose Austin for the site of a new satellite software engineering office that will be home to some 100 engineers.<sup>13</sup> With the University of Texas, Austin, producing high-quality science and engineering graduates, and the relative attractiveness of the area to talent from other parts of country, many tech firms have established operations. Governor Perry is even pushing harder for UT-Austin to create more start-up firms and include commercialization of research as a criterion in granting tenure.

**Figure 4. Computer and electronic product manufacturing**  
Austin-Round Rock vs. United States

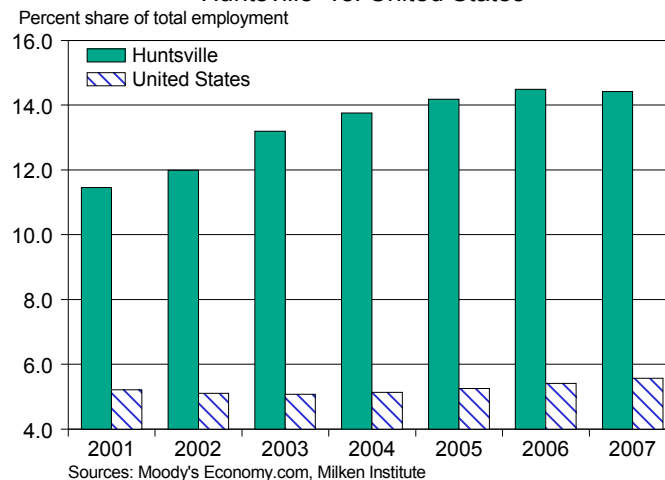


The Austin economy isn't built on high tech alone, but is based on a diverse group of industries. A wide array of professional and business services provide high-paying jobs to the area's residents. Austin is well known for its music scene, and its economy has a related travel and tourism component. New residents far outnumber those who leave the area; Austin's net migration total was more than 48,000 in 2007. This causes a ripple effect in new home construction and related retail and other non-residential construction. Additionally, Austin's role as the state capital positions state and local government as the largest employer. While the area won't escape the national slowdown, it is poised to remain among the top performers.



**Huntsville, Alabama**, climbs to 5th place this year, an improvement of eleven spots from last year's ranking. The Huntsville economy is among the most dependent on high-tech industries in the country, ranking 7th overall; the area is more than twice as tied to the sector as the nation overall. Computer and electronic product manufacturing has the highest concentration of any industry in the metro, closely followed by transportation equipment manufacturing. Government employment is the third most concentrated in Huntsville, closely followed by another tech sector: professional, scientific, and technical services. NASA's Marshall Space Flight Center is an important anchor for the area and will play a vital role in mankind's return to the moon on the *Ares 1*.<sup>14</sup> Many aerospace contractors are establishing or expanding operations in hopes of securing additional work on the program. Aerospace giants Boeing and Northrop Grumman have an important presence in the metro area.

**Figure 5. Professional, scientific, and technical services**  
Huntsville vs. United States



The Redstone Arsenal, a major U.S. Army post, will benefit from the Pentagon's Base Realignment and Closure (BRAC) program over the next several years. The Army Space Missile Defense Command recently completed its move from Arlington, Virginia,<sup>15</sup> and the Missile Defense Agency is slated to relocate more than 2,200 employees here over the next couple of years. Huntsville is also beginning to establish new growth in the life sciences as the HudsonAlpha Institute for Biotechnology opened its doors late last year. Strong service sector growth has resulted in gains in consumer spending. New office construction has been driven by all of the business expansion activity; residential construction has increased demand for workers, but the number of permits has recently fallen off. Nevertheless, Huntsville seems well-positioned for continued growth despite the national contraction.

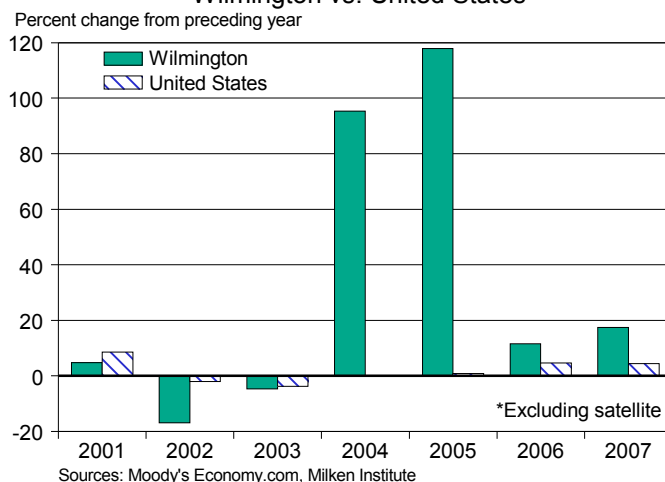
**Wilmington, North Carolina**, ranks 6th this year, slipping just four slots from 2007. Although its momentum has been slowing in recent months, the metro has recorded job growth rates that are among the highest in the nation. Wilmington was 8th in job growth measured over the last five years and 5th in 2007 alone, but failed to place in the top forty for job growth as measured over the twelve months ending in March 2008. Increased port activity and the associated logistical support infrastructure have been a significant source of growth. A new, deeper channel has allowed the port to handle larger container ships



and establish a new shipping service with closer ties to Asia. Easy rail and interstate freeway access has made the area an important distribution center for big box retailers.<sup>16</sup> The tourism sector is another key driver for Wilmington: Scenic and sightseeing transportation is the most concentrated industry in the area's economy, while full-service restaurants and limited-service eating places are the second- and third-largest employers after state and local government.

Job growth in professional and business services has bolstered the area's economy. Development officials have adopted a strategy of growing knowledge-intensive industries that will diversify the local economy and improve per capita incomes.<sup>17</sup> In support of that effort, Verizon Wireless has been expanding operations and now employs more than 1,200 workers. Over the past five years, telecommunications employment has risen by an annual average rate of 23.9 percent. The revival of the nuclear energy industry is creating opportunities for the region's economy, too. GE Energy is consolidating many of its design operations in Wilmington. Rapid employment and population growth, along with strong demand for second homes, supported a high level of home construction, but Wilmington's housing market is slowing and will remove this sector as a source of economic growth.

**Figure 6. Jobs in wireless telecommunications carriers\***  
Wilmington vs. United States

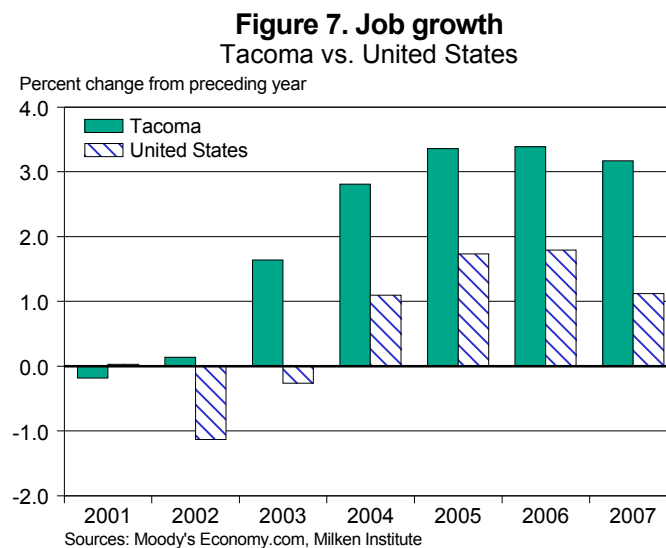


**McAllen-Edinburg-Mission, Texas**, is holding steady in 7th place, retaining the same ranking it received last year. Although it has slipped somewhat in recent months, the metro's job growth remains among the strongest in the nation. McAllen had the 3rd-highest job growth on a five-year basis, while the most recent data one-year job momentum indicator places it 10th in the nation. Its economy is closely linked to its sister metro across the border, Reynosa, Mexico.<sup>18</sup> Burgeoning trade activity with Maquiladora facilities has allowed the area to become a key distribution/logistic center. For example, increased U.S.-Mexican trade through McAllen is reflected in the 14.4 percent annual average increase over the past five years in truck transportation employment. Declining demand from the Big Three automakers due to weak sales has reduced imports of parts from Maquiladora plants.



Another key source of growth has been new call centers. Converges and T-Mobile have established operations in the area.<sup>19</sup> Nearly 1,200 jobs have been created in telecommunications services over the past five years, an average annual growth rate of 29.4 percent. The area has become a regional health services center with a strong position in home health care, now the second largest employment sector after state and local government. Health services provide a relatively stable source of job growth. McAllen has developed a major presence in retail trade, serving many consumers south of the border.

**Tacoma, Washington**, leaps to 8th place, moving up from last year's ranking of 50th. The area has enjoyed stable employment growth, coming in slightly above 3.0 percent for the period measured in our five-year indicator. Although its housing and business costs are close to the national average, they are inexpensive relative to nearby Seattle. Low housing costs have attracted many young families, including professionals who work in Seattle. As more professionals move into the area, firms have opened offices to tap into the labor pool.<sup>20</sup> For example, Intel employs 1,100 in the metro division. Data processing, hosting, and related services enjoyed average annual job growth of 17.2 percent over the past five years.



International trade plays an important role in the area's economy as well. The Port of Tacoma specializes in inbound containers from Asia and has benefited from capacity constraints at the ports of Los Angeles and Long Beach. Its largest exports are wood products and apples. The industry category of support activities for transportation has the highest concentration of employment in the metro economy, and many other transportation-related categories rank among the leaders. The military also has a large presence in the Tacoma economy. The U.S. Army base at Fort Lewis is the largest employer, with 37,000 soldiers and workers; along with McChord Air Force Base, it provides a steady source of demand.<sup>21</sup> A slowdown in construction activity will curtail growth in the local economy, but nevertheless, Tacoma should remain among the best performers in the country.

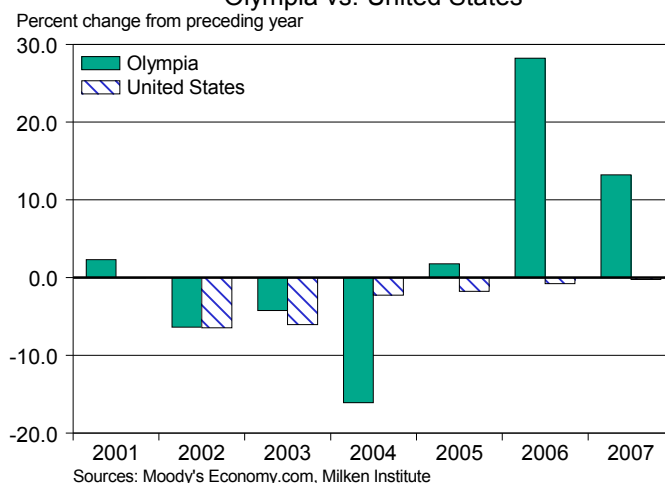




**Olympia, Washington**, joins its neighbor Tacoma on the list of the nation's top ten best performers, ranking 9th this year. In previous years Olympia was categorized as a small metro, but steady employment and population growth have pushed it onto the list of the 200 largest metro areas. Because it is the capital of Washington, state and local government is the key driver of Olympia's economy. State and local government employs 36,200 workers, which is nearly 36.0 percent of total employment in the region. Since Washington's economy has seen brisk growth in recent years, Olympia's state government has benefited from this largesse. The current state budget gap will curtail growth in this sector, but is unlikely to cause a decline in overall economic activity in the area.

Business and housing costs are low relative to nearby Seattle, and Olympia has probably benefited even more than Tacoma from this cost advantage.<sup>22</sup> Olympia has been gaining more residents from Tacoma and Seattle than it has lost, with net migration estimated at over 4,300 in 2007. This population growth has resulted in fairly strong housing construction. Information services have been the fastest-growing job sector over the past five years, with average annual growth of 38.0 percent. The main limit on long-term economic growth is the absence of large private-sector employers. Nevertheless, as other metro areas experience significant declines due to the deterioration of formerly high-flying housing markets, Olympia's government sector should immunize it from a similar fate.

**Figure 8. Information services employment**  
Olympia vs. United States





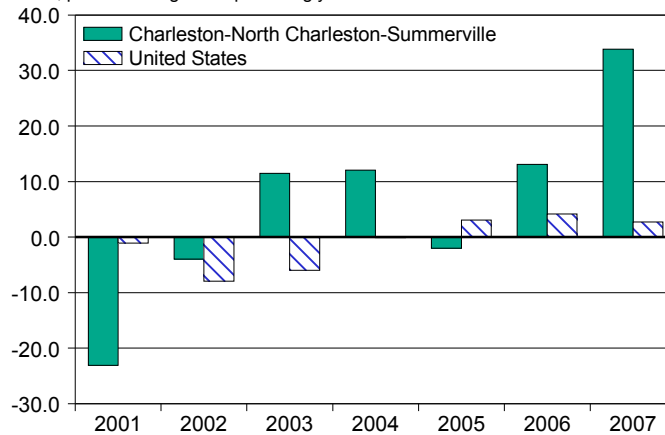
**Charleston–North Charleston–Summerville, South Carolina**, moves up two places to rank 10th this year. Tourism has been a catalyst of job creation for the regional economy, as increasing numbers of tourists from the Northeast and Midwest have been drawn here to discover Charleston’s history, architecture, and rich cultural scene. Although it has recently experienced slower growth in inbound cargo due to the low value of the dollar and the national economic contraction, the Port of Charleston has witnessed remarkable growth in recent years. It is consistently ranked among the most efficient ports in North America. A large transportation/logistics industry has developed, supporting thousands of jobs in the regional economy.

Another key source of growth is its expanding aerospace manufacturing sector, with specializations in advanced composite materials, precision metal parts, and systems integration. Dupont is building a \$500 million Kevlar production facility as commercial aircraft producers are turning to Kevlar as a lightweight substitute for aluminum.<sup>23</sup> Employment in data processing, hosting, and related services has achieved average annual growth of 10.9 percent over the past five years. The health-care industry, anchored by the Medical University of South Carolina, is an important component of the economy, while biosciences are a target for investment as the sector attempts to leverage its medical research assets.

**Figure 9. Aerospace product and parts manufacturing**

Charleston–North Charleston–Summerville vs. U.S.

Jobs, percent change from preceding year



Sources: Moody's Economy.com, Milken Institute

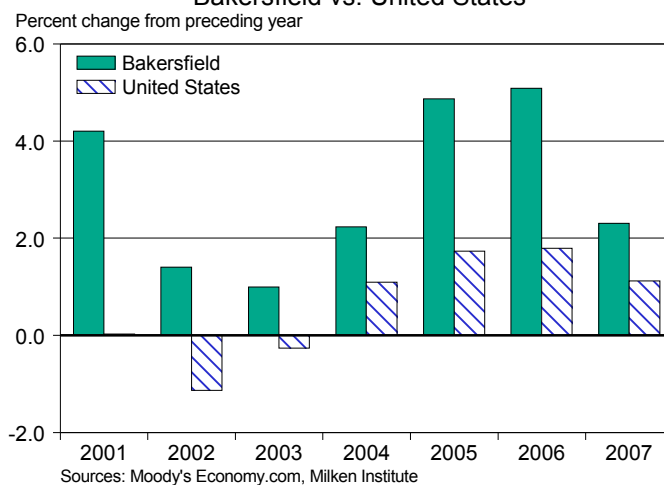
Even as the housing downturn worsened throughout 2007, **Orlando–Kissimmee, Florida**, maintained a strong showing, coming in at 11th overall. Although it dropped six places from its ranking in last year's index, it has consistently achieved high growth. Total employment and wages in the metro area have grown 15.0 and 17.0 percentage points, respectively, above the national average in the period examined in our five-year indicators. Orlando–Kissimmee's emerging health-care cluster is broadening the area's industry base. The development of the Burnham Institute for Medical Research and a new medical school based at the University of Central Florida will expand the industry's R&D capacity and attract more high-tech firms to the area. Recently approved plans for the Nemours Children's Hospital Orlando will further enhance the metro's growing health-care sector.<sup>24</sup> In the last year alone, roughly 4,000 jobs were added to this sector.



Growth in recent months has been suppressed by the real-estate market, as high foreclosure rates and a dearth of buyers have sent inventories soaring. This has placed a damper on construction activity; employment in the industry declined 7.0 percent between 2006 and 2007. Additionally, weakness in the national economy has strained the area's leisure and hospitality sector, the primary driver of growth in the region. But the negative impacts on Orlando's tourism industry may be offset by an influx of international travelers, who can take advantage of the weaker U.S. dollar to enjoy the area's resorts and theme parks at bargain prices.

**Bakersfield, California**, gained some ground, moving up from 17th to 12th place in this year's index. Over the last few years, the metro's growth has been ignited by housing and a burgeoning population. As a result, the metro has benefited from increased demand for services such as education and health care. Natural resources such as oilfields have created opportunities for growth. The mining and petroleum manufacturing industries in particular have been largely responsible for the underlying growth in the region. Total non-farm employment and wages grew 10.0 and 14.0 percentage points faster, respectively, than the national average in the five-year span we examined. Administrative and support services along with food and drinking places added 6,300 jobs between 2002 and 2007, a period that still reflected some of the positive ripple effects from the housing boom. Today, however, Bakersfield is being hit hard by the housing crisis, posting one of the nation's highest foreclosure rates. The same industries that drove growth in the past few years are now bracing for deterioration.

**Figure 10. Non-farm employment**  
Bakersfield vs. United States



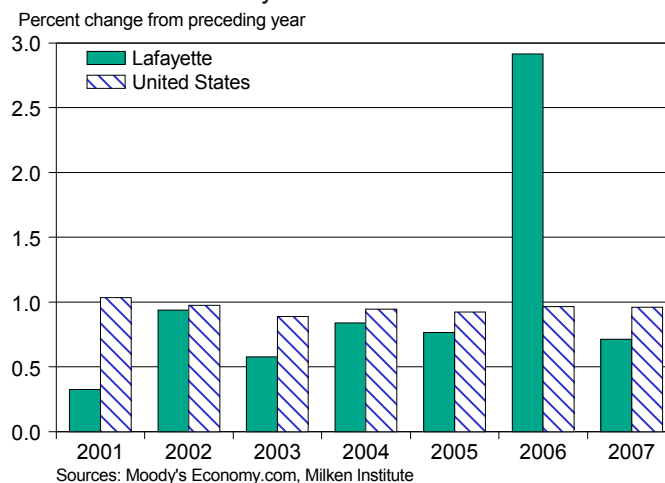
In the long term, Bakersfield will rely on its strategic location between northern and southern California and its proximity to Nevada, factors that will continue to support its transportation and logistics sector. The presence and operations of Edwards Air Base and Chevron will help stabilize the metro's economy during the downturn.<sup>25</sup>



**Killeen-Temple-Fort Hood, Texas**, moved sharply higher in this year's index, rising from 33rd to 13th place. Wages and salaries grew by 5.0 percentage points above the national average between 2005 and 2006. The strong military presence in Fort Hood has been the primary driver of growth in the area.<sup>26</sup> Killeen's solid performance also reflects the fact that it has not been as severely affected by the housing downturn as most metros in the nation, sparing the area from further ripple effects in related industries. In fact, most sectors in the metro area have experienced growth in the past few years. Professional, business, and scientific services grew by an average of 6.0 percent annually in the five-year period we examined, adding more than 1,200 jobs. Telecommunications employment grew by 14.0 percent average annually (creating nearly 800 jobs) in the same period, driving high-tech output growth in Killeen to 10th highest in the nation. The area's low cost of doing business has provided incentives for firms in nearby larger cities.

The biggest gainer in last year's index, **Lafayette, Louisiana**, improved its position by another ten spots to claim 14th place this year. Last year's dramatic climb was largely attributable to the population influx of hurricane evacuees. This sharp growth in population consequently led to increased demand in various service-driven industries. With the current housing crisis and slowdown in related sectors of the economy, growth in the metro has begun to subside. Interestingly, a shortage in health-care and education services has led to a dramatic increase in wages and salaries in those industries.<sup>27</sup> Between 2005 and 2006, overall wages and salaries in the metro experienced the fastest increase in the nation, growing 8.0 percentage points above the U.S. average.

**Figure 11. Population growth**  
Lafayette vs. United States



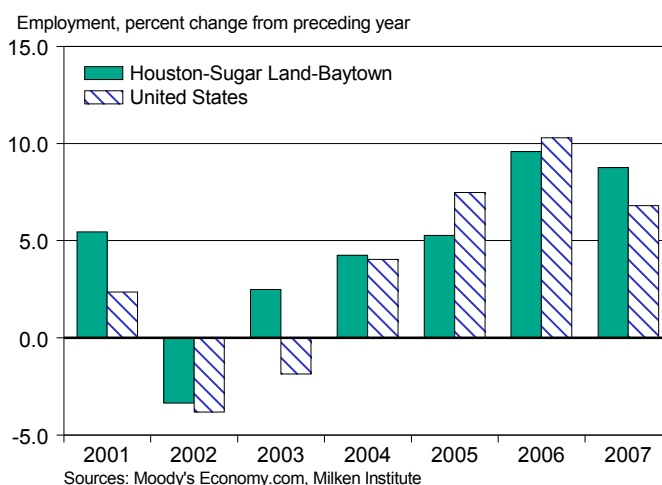
Energy exploration in the nearby Gulf of Mexico will continue to support local manufacturing and mining industries, helping to mitigate some losses in other sectors. Machinery and fabricated metal product manufacturing added more than 600 jobs in the last year, while support for mining generated an additional 1,000 workers. These sectors have contributed to overall job growth of 2.8 percent in the twelve months ending with March 2008.



**San Antonio, Texas**, climbed twenty-eight spots in this year's ranking to place 15th. The indicator for recent job momentum (comparing March 2007 and March 2008) shows robust growth of 2.3 percent. It appears that the metro's housing market has been relatively stable as compared to other parts of the country. Construction employment actually increased by 4.5 percent between 2006 and 2007, and if anything, a strong military presence and proposed renovations and modernizations within the local bases will help to sustain employment in the industry. The presence of a Toyota plant has positively contributed to the transportation equipment manufacturing industry, which has generated more than 4,000 jobs in the last five years (an average increase of 14.0 percent annually). Proposed defense spending will generate additional economic activity in the metro and help sustain viable growth in the long run.<sup>28</sup>

Another Texas metro, **Houston–Sugar Land–Baytown**, has climbed up in the rankings, rising from 32nd to 16th place. Among the nine measures used to compile the overall index, Houston's most recent job momentum performance (comparing March 2007 and March 2008) was most notable. The metro area expanded its job base by a whopping 3.2 percent, the second-largest increase in the nation. The indicators for one-year job and wage growth also showed robust gains, rising 3.0 and 4.0 percentage points faster, respectively, than the national averages. Opportunities stemming from the energy industry, specifically with respect to oil exploration in the Gulf, have been a key engine for growth. Industries supporting oil exploration have also been performing well. Heavy and civil engineering construction recorded an increase of 5,700 jobs, while specialty trade contractors added another 7,800 jobs in the one-year indicator we examined (2006–2007). Support activities for mining also contributed 3,700 jobs. In terms of high-tech, machinery manufacturing grew 5.0 percent between 2006 and 2007, generating 3,800 high-paying jobs. The presence of key players in the region (namely Exxon-Mobil, Shell, Chevron, and BP) will help sustain the industry's growth.<sup>29</sup>

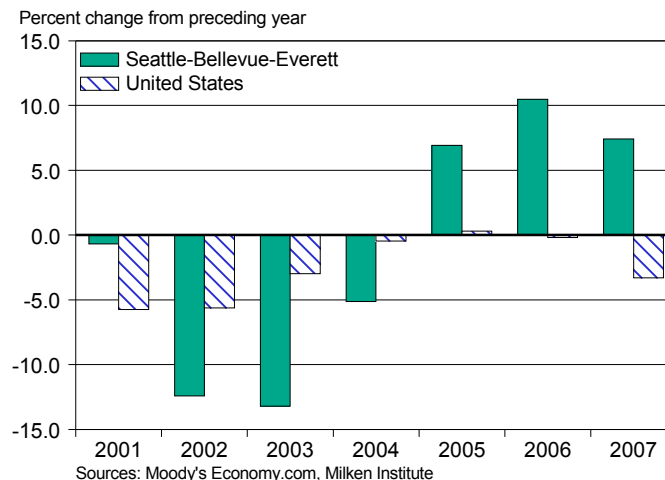
**Figure 12. Mining, quarrying, and oil and gas extraction**  
Houston-Sugar Land-Baytown vs. United States





The metro division of **Seattle-Bellevue-Everett, Washington**, jumped an impressive sixty spots to claim 17th place in this year's index. The indicator for recent job momentum (comparing March 2007 with March 2008) showed a healthy 2.0 percent employment growth. Transportation equipment manufacturing, which encompasses the aerospace sector, was responsible for generating 5,600 of the jobs measured in our indicator for one-year growth between 2006 and 2007. In the same period, professional R&D services added another 6,200 jobs. Most of the growth can be attributed to the vast presence of Boeing and Microsoft (and the secondary impacts of these two behemoths throughout the region). Increased global demand for more fuel-efficient commercial aircraft has sweetened Boeing's outlook.<sup>30</sup> The metro's high-tech sector produces 1.3 times the national average for output. In addition, this sector depends on highly skilled labor, resulting in above-average wages—so it is no surprise that the indicator for one-year growth in wages and salaries was 3.2 percentage points above the national average.

**Figure 13. Transportation equipment manufacturing jobs**  
Seattle-Bellevue-Everett vs. United States



**Ogden-Clearfield, Utah**, moved up from 42nd to 18th place in the rankings. The indicator for five-year job growth between 2002 and 2007 shows the metro area outpacing the national average by 7.4 percentage points. Although it has since slowed, the construction industry grew by more than 10 percent between 2006 and 2007. Strong population growth in the area has helped fuel demand across consumer-driven industries. Ambulatory health care and administrative and support industries together added roughly 5,000 jobs in the period encompassed by our five-year indicator. Professional, scientific, and technical services added another 2,600 jobs. The debut of a new rail line between Salt Lake and Ogden in 2008 will help support future economic activity.<sup>31</sup> In addition, Ogden's Hills Air Force Base has served as an important driver for the metro's emerging aerospace industry.

Although it dropped eight spots, **Myrtle Beach–North Myrtle Beach–Conway, South Carolina**, managed to maintain a solid position in 19th place. Overall job growth in the five-year period examined in our indicators outstripped the national average by more than 15 percentage points. Contributing to that growth was the metro's leisure and hospitality sector, which posted 6.6 percent growth between 2006 and 2007 alone. Plans for an airport expansion are currently underway to accommodate both residents

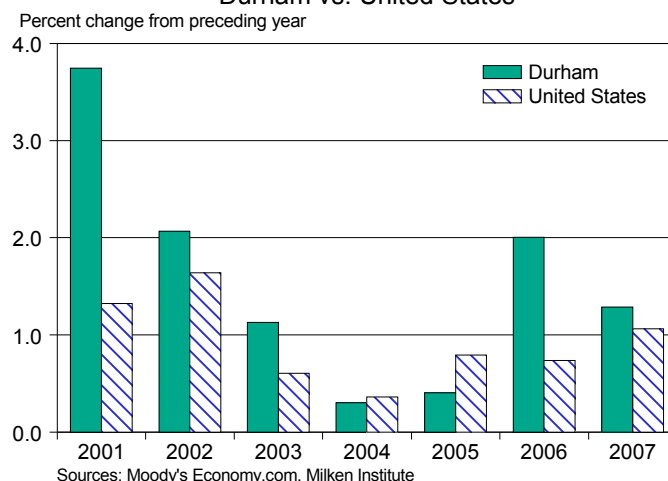


and leisure travelers.<sup>32</sup> In the past few years, a booming population (driven in part by an increasing number of retirees who choose to settle here) has helped to maintain a robust service economy. Our indicator for five-year employment growth shows that accommodations and food services added more than 6,700 jobs between 2002 and 2007. Another 2,100 jobs were added in administrative and support services during the same period.

**Greeley, Colorado**, improved by nine positions to rank 20th in this year's index. The area's low cost of living has provided a more affordable alternative to residents in nearby metros. With a healthy population influx in the last few years, Greeley's overall employment base rose 2.5 percent from March 2007 to March 2008. Vestas Wind Systems, a manufacturer of wind turbines, will give a further boost to the area's high-tech industry base, as it expects to add another 700 jobs.<sup>33</sup> In fact, high-tech output in the metro grew 2.7 percentage points faster than the national average. Plastic and rubber manufacturing has grown by 12.2 percent on an average annual basis over the five-year period we examined, while professional, scientific, and technical services added over 600 jobs during that same time frame.

Rising by a substantial fifty-three spots in this year's index, **Durham, North Carolina**, ranks 21st overall. Our indicator for recent job momentum shows that total employment grew 2.3 percent between March 2007 and March 2008. In 2007, Durham's high-tech output was 2.2 times the national average. In addition, the metro area (which is part of the Research Triangle) is home to a diverse set of high-tech industries, thanks to key players such as Duke University, IBM, and GlaxoSmithKline.<sup>34</sup> Durham's economy has witnessed an expansion in the last few years. Between 2002 and 2007 (the period covered in our five-year job growth indicator), ambulatory health-care hospital services created more than 5,200 jobs, while education services added another 3,600 jobs. Perhaps the most significant expansion came from the public sector, as government created more than 4,300 jobs in the metro area. The region's strength in high tech, particularly in the life sciences, brightens its prospects for long-term economic prosperity.

**Figure 14. Government employment**  
Durham vs. United States



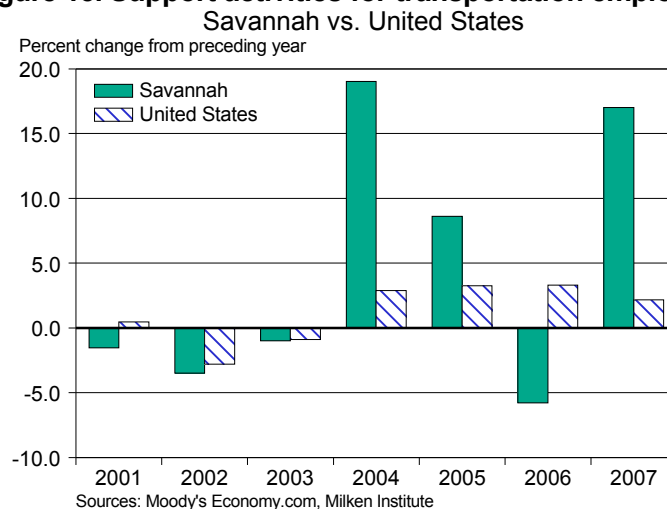


**Nashville-Davidson-Murfreesboro-Franklin, Tennessee**, made solid strides from last year's ranking to claim the 22nd spot overall. Strong migration trends have contributed to population growth year-over-year, while housing prices have declined at a more moderate pace than in the rest of the nation. Non-farm employment and wages have experienced healthy gains, rising 4.5 and 7.7 percentage points higher, respectively, than the national average in our indicator for five-year job growth. The metro's relatively low business costs have supported the expansion of warehousing (1,500 jobs), clothing (2,400 jobs), and management of companies (2,200 jobs) between 2002 and 2007. In the last year alone, the metro area added 540 jobs in its data-processing services sector. The presence of Nissan and GM plants, however, may not continue to be a source of growth, given the gloomy outlook on auto manufacturing in the short term.<sup>35</sup>

**Dallas-Plano-Irving, Texas**, moved up sharply to come in at 23rd place. Growth in the metro division has been fairly broad-based, exceeding the national average in many of the categories used to compile the index. The area's high-tech sector continues to diversify and attract new firms. Just recently, AT&T announced that it will be moving its headquarters from San Antonio to Dallas.<sup>36</sup> Internet service providers/data processing and telecoms are already 3.5 and 2.3 times more concentrated, respectively, in Dallas than in the nation as a whole. Between 2006 and 2007, the category for management of companies and enterprises contributed more than 2,100 jobs, an increase of 7.7 percent. The credit-intermediation industry has added more than 18,000 jobs over the last five years, supporting the metro's already well-established financial sector. Dallas's growing reputation as a convention center has generated positive impact on local business and increased demand in industries that cater to such large-scale events.

**Savannah, Georgia**, rose to 24th place this year. Our five-year indicator shows that non-farm employment and wages have risen by 11.9 and 9.5 percentage points higher, respectively, than the national averages. Not only does the city benefit from a strong military presence, but Savannah's port has also served as a key asset to its economic vitality.<sup>37</sup> As the dollar has declined, exports have strengthened, supporting trade-related activity in the region. Support activities for transportation added 1,200 jobs between 2002 and 2007, while administrative and support contributed nearly 4,000 jobs. The metro's aerospace industry has also generated 1,400 jobs during that period, increasing 4.8 percent on an average annual basis. Growth in these industries has yielded higher-paying jobs in the region.

**Figure 15. Support activities for transportation employment**







**Des Moines—West Des Moines, Iowa**, came in at 25th, after placing 58th last year. The Des Moines economy has been growing slightly above the U.S. average in terms of employment and wages. The area's high-tech output outstripped the national average by 6.3 percentage points. Professional, scientific, and technical services generated more than 1,900 jobs between 2002 and 2007, the period examined in our five-year indicators. Machinery manufacturing has grown at an average annual rate of almost 4.0 percent over that period. The metro area is also a hub for financial services and insurance, including key players such as Wells Fargo and Principal Financial Group.<sup>38</sup> The credit-intermediation activities industry is almost three times more concentrated in Des Moines than in the nation as a whole; this industry has contributed more than 4,200 jobs during the five-year period we examined.



## America's Ten Largest Cities: Performance

Among America's ten largest cities, outcomes were decidedly mixed. Unlike the previous two editions of the index, this year's results show none of the ten largest cities in the country ranked among the top ten overall performers. As shown in the table below, previous standouts **Riverside–San Bernardino–Ontario, California**, and **Phoenix–Mesa–Scottsdale, Arizona**, both experienced significant declines. Meanwhile, **Houston–Sugar Land–Baytown, Texas**, continued its dramatic, energy-industry-driven ascent to become the top performer among the nation's ten largest metros. (The economies of Houston and **Dallas–Plano–Irving, Texas**, were profiled earlier in this report since both metros placed among the top twenty-five best-performing cities overall.)

**Table 5. Performance of America's ten largest cities**

Rank in 2008 index

<b>Metropolitan Statistical Area (MSA)</b>	<b>2008 rank</b>	<b>2007 rank</b>
Houston-Sugar Land-Baytown, TX	16	32
Dallas-Plano-Irving, TX*	23	59
Phoenix-Mesa-Scottsdale, AZ	32	4
Washington-Arlington-Alexandria, DC-VA-MD-WV*	41	37
Riverside-San Bernardino-Ontario, CA	53	3
Atlanta-Sandy Springs-Marietta, GA	59	86
New York-White Plains-Wayne, NY-NJ*	85	148
Los Angeles-Long Beach-Glendale, CA*	126	109
Philadelphia, PA*	130	142
Chicago-Naperville-Joliet, IL*	160	152

\*Indicates Metropolitan Division

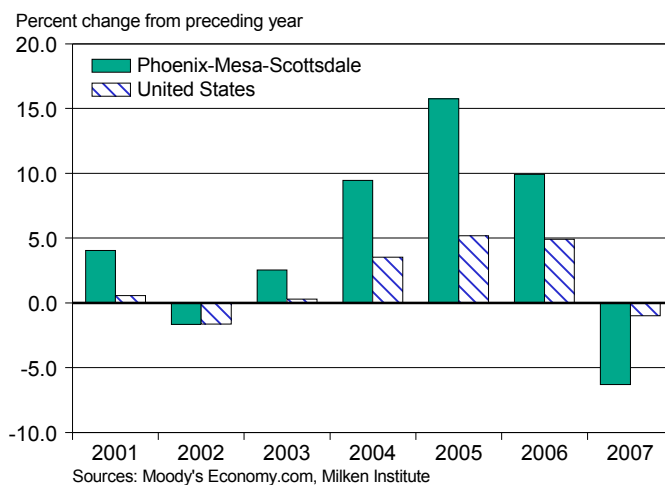
Source: Milken Institute



Out of the nation's ten largest cities, **Phoenix-Mesa-Scottsdale, Arizona**, posted the 3rd-best performance (it placed 2nd among this group in the 2007 index). In the full ranking of the nation's 200 largest metros, however, the Phoenix area fell from 4th all the way to 32nd place. Like many other Sunbelt cities, Phoenix has been hit hard by the bursting of the housing bubble, which has affected several sectors related to construction and homebuilding. Although the decline in Phoenix was not as steep as the deterioration in Riverside, California, the metro did experience a significant slowdown in the construction industry, especially in the specialty trade contractor sector. This downturn comes after an extended period in which the Phoenix metro area set the pace for the rest of the nation in construction in order to accommodate a rapidly growing population.

One of the sectors showing the greatest decline in the Phoenix metro area during the period examined in our five-year indicator is telecommunications. From 2002 to 2007, the sector lost more than 5,400 employees, posting an average annual decline of 6.61 percent. The fact that a sector with a current 0.93 LQ has led the metro in employment decline over this five-year span is actually a sign of the general strength of the Phoenix economy, indicating that job losses have been relatively minimal in the industries that are most highly concentrated here. On the positive side, the largest gainer over the past year has been local government, which added more than 7,000 jobs.

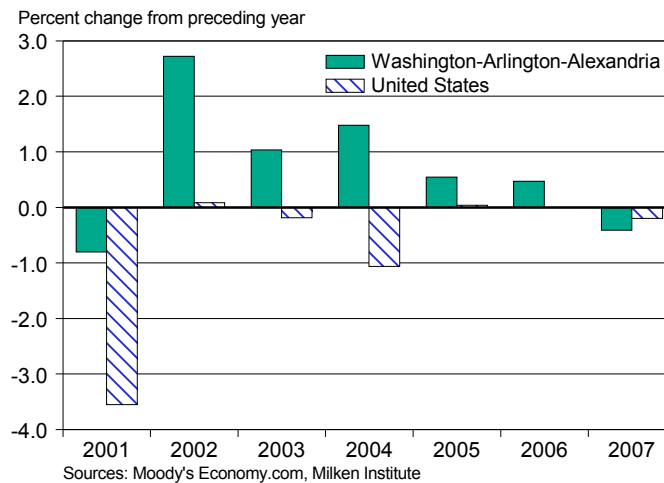
**Figure 16. Construction employment**  
Phoenix-Mesa-Scottsdale vs. United States





The **Washington-Arlington-Alexandria, DC-VA-MD-WV**, metro area saw very little change from last year. The 4th-best performer among the ten largest cities in the country, it slid only four spots (from 37th to 41st) in the complete rankings of the 200 largest metros. More than 10,000 jobs were added in professional, scientific, and technical services from 2006 to 2007; in our five-year indicator, which examines the period from 2002 to 2007, more than 77,000 jobs were added in this sector. High tech continues to thrive in the region, even as other sectors have begun to falter. The federal government has been a key source of new employment in the metro. While this sector fell slightly in 2007, the number of federal jobs grew significantly from 2002 to 2006, due in large part to the creation of the Department of Homeland Security and growth in the Defense Department. Although total growth in federal employment in the metro area averaged only slightly over 1 percent per year from 2002 to 2006, the vast size of the government means that even a relatively small percentage change translates into a significant number of jobs.

**Figure 17. Federal government employment**  
Washington-Arlington-Alexandria vs. United States

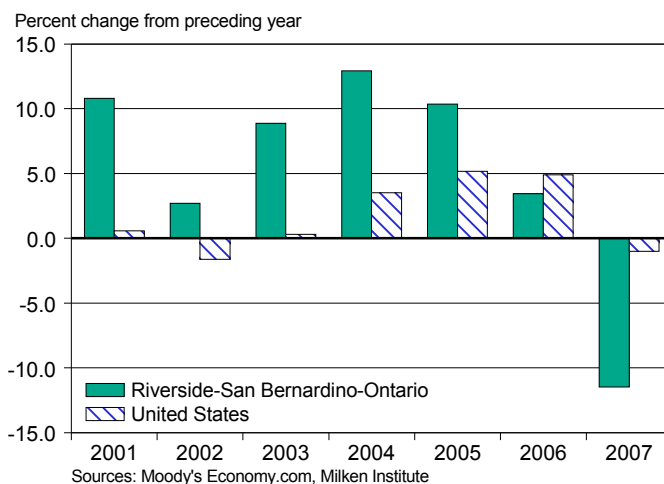




This year's index shows a dramatic reversal of fortunes in **Riverside–San Bernardino–Ontario, California**. Last year's top performer among the nation's ten largest cities, it is now only the 5th-best performer in that group. In the full rankings of the nation's 200 largest metro areas, however, Riverside tumbled from 3rd place all the way to 53rd. The housing downturn has hit the metro's economy hard. The specialty trade contractor sector, which includes home builders and related services, lost more than 12,600 jobs from 2006 to 2007. In fact, Riverside's construction sector, which dramatically outpaced the rest of the nation for the first half of the decade, has now become one of the greatest drags on the local economy, shrinking by 11 percent from 2006 to 2007. The region has continued to benefit from corporate relocations, however, with administrative and support services adding more than 3,200 jobs year over year.

Warehousing and storage continues to be a strong sector for the Riverside metro area, as its location outside Los Angeles and San Diego makes it an ideal distribution point. Despite the softening economy, warehousing added more than 1,600 jobs from 2006 to 2007, growing at over 6.4 percent (not matching the rapid 17.5 percent increase it posted during the entire period from 2002 to 2007, but still posting solid gains). Continued growth in this sector is highly likely as the metro remains the only area in Southern California with both the space and the infrastructure to handle expanded cargo flows.<sup>39</sup> The largest overall gains in our one-year job growth indicator came from administrative and support services, which added more than 3,200 jobs from 2006 to 2007.

**Figure 18. Construction employment**  
Riverside-San Bernardino-Ontario vs. United States

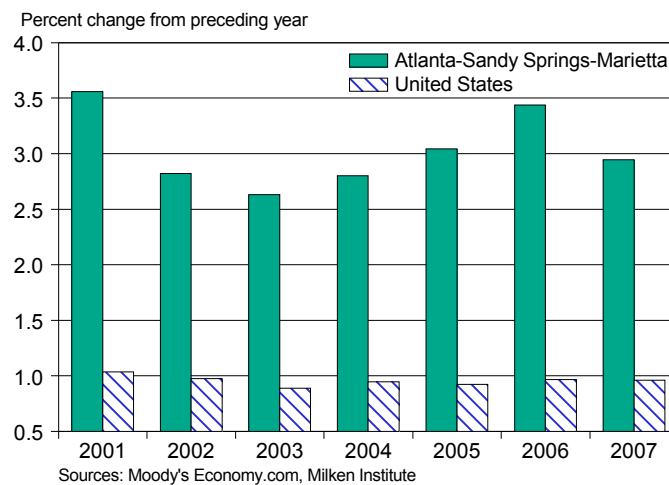




**Atlanta–Sandy Springs–Marietta, Georgia**, continues to post the fastest overall population growth in the country. The city held its 6th-place position among the ten largest metros in the 2008 index, while its overall ranking rose from 86th to 59th. The city continues to add jobs, gaining more than 7,300 positions in professional, scientific, and technical services from 2006 to 2007. Atlanta continues to benefit from its role as home to corporate headquarters of multiple Fortune 500 companies.<sup>40</sup> Despite losing BellSouth headquarters to a merger with AT&T, Atlanta remains the base for AT&T Mobility (formerly Cingular Wireless).<sup>41</sup>

Despite these positive trends, larger economic forces—including the rising price of oil and gas and the housing downturn—have placed significant pressures on three of Atlanta's major corporations. Delta Airlines continues to cut staff due to hikes in fuel prices and declining revenues. Both Home Depot and Sun Trust Bank have seen the sub-prime mortgage crisis hit their bottom lines, and tightening credit standards may begin to curb the rapid population influx into the metro.<sup>42</sup>

**Figure 19. Population growth**  
Atlanta-Sandy Springs-Marietta vs. United States

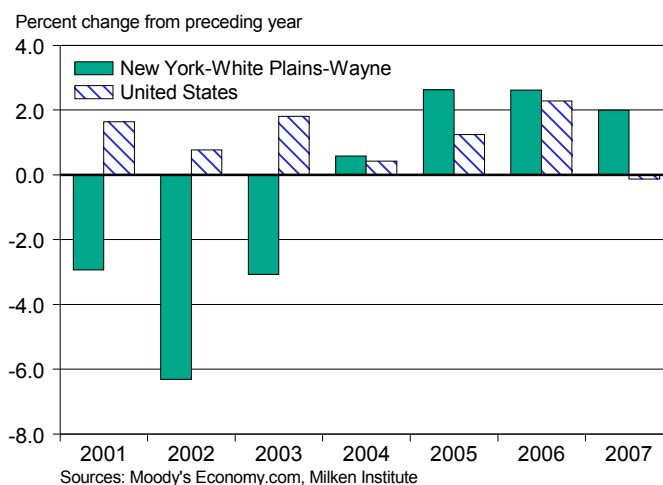




Of the nation's ten largest metros, **New York–White Plains–Wayne, New York–New Jersey**, posted the most dramatic gains. Once ranked 9th among this group, it is now the 7th-best performer. In terms of the overall rankings, however, it jumped an impressive sixty-three places, rising from 148th place in the 2007 index to 85th this year. Construction in New York has been thriving, and so far the area has staved off the slump that has affected the rest of the country. Employment in building construction actually grew at a 4 percent pace over the year from 2006 to 2007, adding more than 3,700 jobs; specialty trade contractors also added nearly 6,700 jobs. The sector comprising securities, commodities, and other financial investment activities continued to consolidate in the metro, adding more than 11,500 jobs from 2006 to 2007. New York actually trailed the country as a whole in adding jobs in finance and insurance from 2001 to 2003 (in fact, it suffered significant losses in this sector as financial firms relocated in the wake of 9/11), but that trend has since reversed itself. Employment growth in the metro area's finance sector remained strong at 2 percent, even as the sector slipped into slightly negative territory on a national level, reflecting the credit crunch.

However, continued pressure on major financial institutions is now becoming apparent in the New York metro area; many firms in the financial sector and in support activities are trimming payrolls in 2008 due to the fallout from the subprime crisis. The sudden fall of Bear Stearns combined with tremendous losses at major institutions such as Citibank are likely to soon wipe out many of the gains posted by New York this year.

**Figure 20. Finance and insurance employment**  
New York-White Plains-Wayne vs. United States



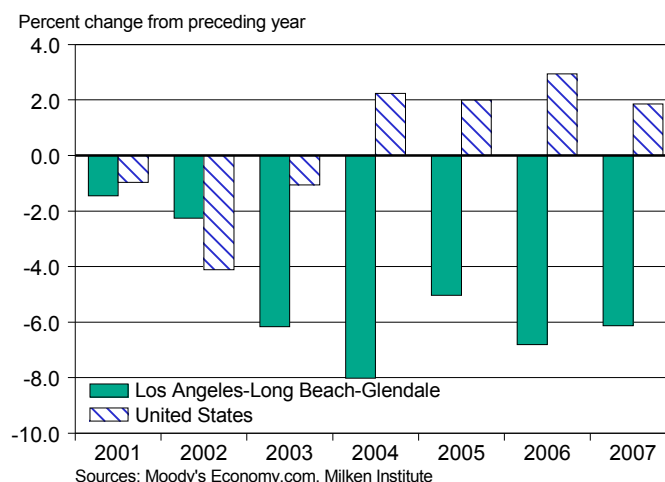


The local economy in **Los Angeles–Long Beach–Glendale, California**, did not perform well over the past year. The metro area fell seventeen places overall from 109th to 126th in the overall rankings, and slipped from 7th to 8th place among the ten largest metros. In our indicator for recent job momentum, which examines March 2007 to March 2008, Los Angeles ranked 156th overall for job growth, actually losing 0.26 percent of its work force. Like other metros experiencing steep housing declines, Los Angeles has been hit over the past year by the loss of jobs in the construction sector (but since most of the metro area is already heavily developed, losses in this sector are a far smaller percentage of the total work force than in neighboring Riverside). However, high housing prices in Los Angeles have left the metro area highly vulnerable to the effects of tightening credit. Job losses in the financial-services sector (including trouble spots such as Countrywide and IndyMac) are a growing concern.

Our five-year job growth indicator shows that the largest job losses during this period in Los Angeles have been suffered in the apparel industry and in corporate management. Although Los Angeles has managed to remain a center for fashion design, more than 16,400 jobs were lost in apparel manufacturing between 2002 and 2007 (including more than 3,000 cuts between 2006 and 2007 alone). The category encompassing management of companies and enterprises saw the loss of more than 23,300 workers between 2002 and 2007 (including more than 3,800 in the most recent year). As companies have continued to move their headquarters out of Los Angeles due to high cost of doing business, the impact has not only been felt in terms of lost jobs, but also in the form of lost spending that these companies once contributed locally.

The one continued bright spot for the local economy continues to be international trade and tourism. As the dollar weakens, exports thrive and international visitors arrive to take advantage of travel bargains. Los Angeles saw a 4 percent rise in international arrivals in the first quarter of 2008.<sup>43</sup>

**Figure 21. Corporate management employment**  
Los Angeles-Long Beach-Glendale vs. United States



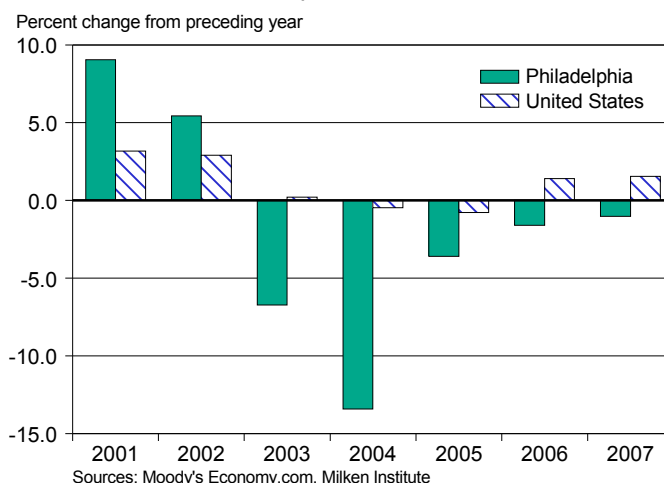




Overtaken by New York, **Philadelphia, Pennsylvania**, slipped one spot, to 9th place, among the ten largest metro areas. Despite this, the city rose twelve places, from 142nd to 130th, in the full ranking of all 200 metro areas. Philadelphia has continued to thrive as a corporate center. In our indicator for five-year job growth, which examines 2002 through 2007, the management of companies and enterprises sector posted more than 11.5 percent annual growth, adding more than 15,300 jobs. On the down side, data processing, hosting, and related services saw an annual decline of more than 16 percent per year, shedding more than 7,000 jobs in the region during the same period. More troubling has been the decline of pharmaceutical manufacturing, which has been vital to the region's economy. Chemical manufacturing as a whole lost more than 8,300 jobs from 2002 to 2007 (although losses have slowed recently, to only 640 from 2006 to 2007). While Philadelphia outpaced the nation in pharmaceutical manufacturing growth in 2001 and 2002, it has since trailed severely, continuing to lose jobs even as the country as a whole returned to net gains in the sector in 2006 and 2007.

Philadelphia's ongoing quest to remain competitive and attract new jobs is made more difficult by its high cost of doing business and the region's high taxes. Steps have been proposed to reduce property and wage tax burdens in Pennsylvania, and this may restore some of the region's competitive balance in the near future.<sup>44</sup>

**Figure 22. Pharmaceutical manufacturing employment**  
Philadelphia vs. United States

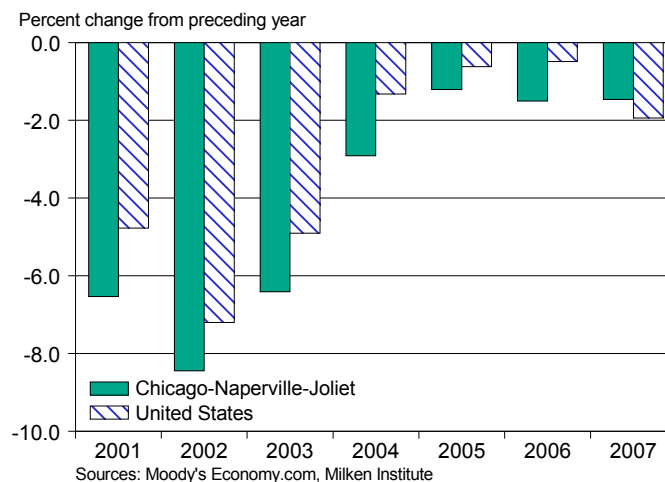




**Chicago-Naperville-Joliet, Illinois**, remains in 10th place among the ten largest metros, with its overall ranking falling slightly to 160th from 152nd. Mirroring a trend faced by many other older industrial cities, Chicago is coping with the decline of manufacturing. Our five-year job growth indicator shows that six different industrial sectors (textile mills, apparel manufacturing, leather manufacturing, wood product manufacturing, plastics and rubber manufacturing, and computer and electronic product manufacturing) all lost jobs at the rate of more than 4 percent per year between 2002 and 2007, shedding more than 19,000 jobs in total. Chicago's need for health care has actually been a leading source for new jobs, as ambulatory health-care services contributed more than 19,300 new jobs between 2002 and 2007. Administrative support services fared even better during that period, adding more than 35,200 jobs.

The one-year job growth indicator shows the effect of the decline in home construction, with a loss of more than 3,700 specialty trade contractor jobs from 2006 to 2007; this sector posted the largest decline during that period in the region. However, the retail environment has remained strong, led by electronics wholesaling, which grew by more than 10,000 jobs from 2002 to 2007, including more than 2,900 jobs added from 2006 to 2007 alone.

**Figure 23. Manufacturing employment**  
Chicago-Naperville-Joliet vs. United States







## The Best-Performing Small Cities

In addition to ranking the 200 largest metro areas in the United States, we have also created a companion index of the best-performing small cities.

Although last year's index ranked 179 of these metro areas, the 2008 report examines only 124 cities. Fifty-five locations were dropped, since the Bureau of Labor Statistics no longer compiles employment data on these metros due to funding cuts.<sup>45</sup> Most of the newly dropped locations did not perform well in the 2007 index, so excluding them had little effect on our 2008 rankings of the top cities.

The West dominates this year's list of small cities exhibiting robust economic growth. Texas, which also posted a strong performance in the index of the largest metros, is well-represented here, with three small metros placing in the top ten. The state is clearly benefiting from high oil prices, an abundance of natural resources, and growth in the broader energy industry. Midland, Texas, took the top spot, while Longview and Odessa are newcomers to the top ten list. (Grand Junction, Colorado, and Bellingham, Washington, also made their debut in the top ten in 2008.) At the other end of the spectrum, many cities in the upper Midwest, particularly those in Michigan and Ohio, did not fare well, placing in the bottom ranks.

**Table 6. Top ten best-performing small cities**

Rank in 2008 index

<b>Metropolitan Statistical Area (MSA)</b>	<b>2008 rank</b>	<b>2007* rank</b>
Midland, TX	1	3
Coeur d'Alene, ID	2	6
Bend, OR	3	1
St. George, UT	4	2
Grand Junction, CO	5	18
Warner Robins, GA	6	10
Longview, TX	7	30
Bellingham, WA	8	14
Prescott, AZ	9	7
Odessa, TX	10	27

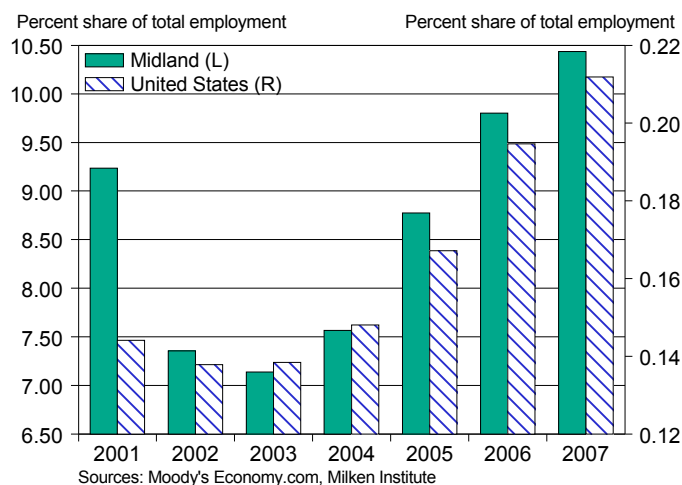
\* Among 179 small cities

Source : Milken Institute



**Midland, Texas**, was the best performer among 124 small cities in our 2008 index, improving from last year's 3rd-place ranking among 179 metros. Overall job and wage growth were solid. In our one-year indicator for job growth, which measures from 2006 to 2007, employment increased by 4.3 percent in this region, outpacing the national average by 3.2 percentage points. Midland's unemployment rate dropped to 2.7 percent in February 2008, demonstrating that the local economy remains very healthy.<sup>46</sup> Oilfield services are highly concentrated in this region. The employment category encompassing support activities for mining—including the drilling of oil and gas wells and oil and gas operations—provides 6,870 jobs (or 10.4 percent of total jobs in Midland); this industry recorded an 11.3 percent average annual increase between 2002 and 2007. Consumer spending has been a source of strength; retail sales have increased by 3.8 percent over 2007 levels.<sup>47</sup>

**Figure 24. Employment in support activities for mining**  
Midland vs. United States

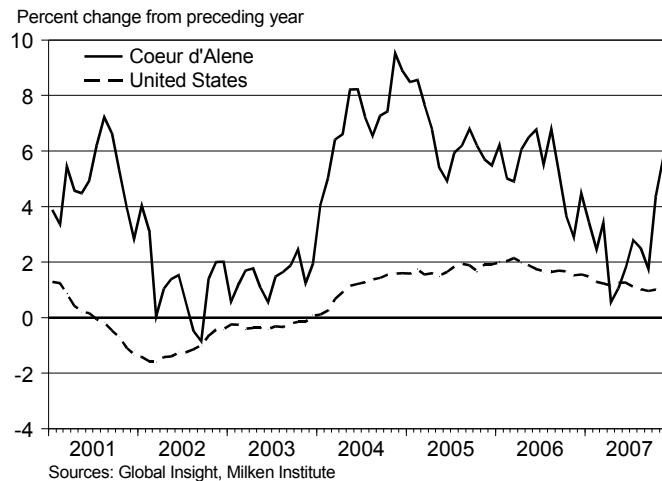




Placing 2nd among the 124 smallest cities in 2008 is **Coeur d'Alene, Idaho**. Despite the housing downturn, overall job and wage growth in this region outperformed the national average. Our five-year indicators, which encompass the period from 2002 to 2007, show that employment and wages in Coeur d'Alene grew 18.8 and 21.8 percent over the national average, respectively.

The area's fast-growing tourism industry has recently been a major engine of growth, adding 1,800 new jobs in 2007 alone.<sup>48</sup> This sector now accounts for 3.1 percent of total jobs in the metro area. Coeur d'Alene has also emerged as a regional health-care hub; hospitals and health-care services accounted for 51.7 percent of job growth from 2006 to 2007.

**Figure 25. Job growth**  
Coeur d'Alene vs. United States

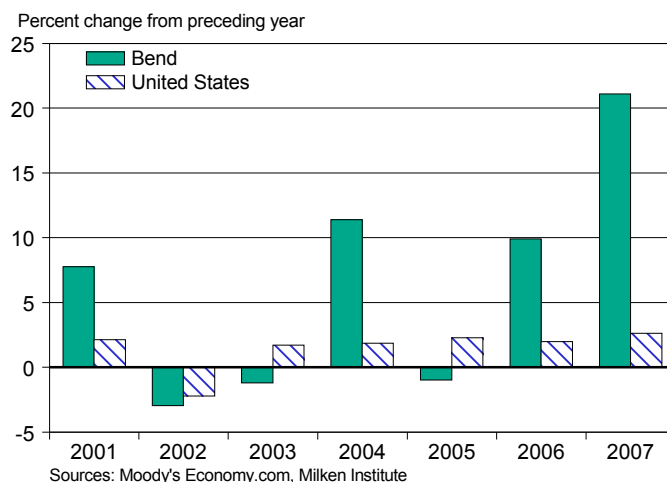




**Bend, Oregon**, last year's top performer, has slipped slightly to 3rd place in the 2008 index. Our five-year job growth indicator, which spans 2002 to 2007, shows that Bend's overall employment rose 25.3 percent faster than the national average during this period. However, recent unemployment figures indicate a softening local economy, with Bend recording a higher jobless rate than the U.S. average for 2007 (5.0 percent in Bend vs. 4.6 percent for the nation as a whole). Bend's housing market has been decelerating, with median home prices falling by 10.1 percent (from \$319,900 in the first quarter of 2007 to \$290,500 in the first quarter of 2008). But a recent report singled out Bend as having the second-most overvalued housing market in the nation (trailing only Atlantic City, New Jersey), and estimated that its home values are still inflated by 49.5 percent.<sup>49</sup> This may indicate that further declines are in store.

The indicator for recent job momentum shows the greatest decline in the Bend area occurred in manufacturing; employment in this industry dropped 6.9 percent from March 2007 to March 2008. Weakness was especially apparent in wood manufacturing, which is strongly concentrated in this region. This sector lost 7.9 percent of its jobs from 2006 to 2007, possibly due to a slowdown in new housing construction. But tourism remains a bright spot for job creation. From 2006 to 2007, employment in air transportation grew by 11.8 percent, while the arts, entertainment, and recreation sector saw 11.2 percent job growth.

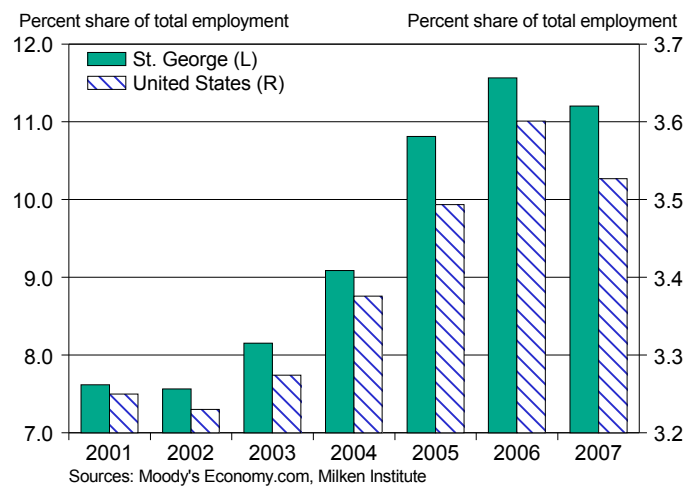
**Figure 26. Arts, entertainment, and recreation employment**  
Bend vs. United States





Sliding out of the 2nd-place position it held in the 2007 index, **St. George, Utah**, now ranks 4th among small metros this year. Its five-year job and wage growth indicators rose 35.4 percent and 47.5 percent higher, respectively, than the national average, outpacing all the other small cities on the index. St. George posted strong GDP growth from high tech in 2007, ranking 7th in the nation (7.7 percentage points above the national average between 2006 and 2007). Specialty trade contractors are a leading industry in this region, accounting for some 6,000 jobs (or 11.2 percent of total employment) in 2007, and driving 16.2 percent of average annual job growth from 2002 to 2007.

**Figure 27. Specialty trade contractor employment**  
St. George vs. United States



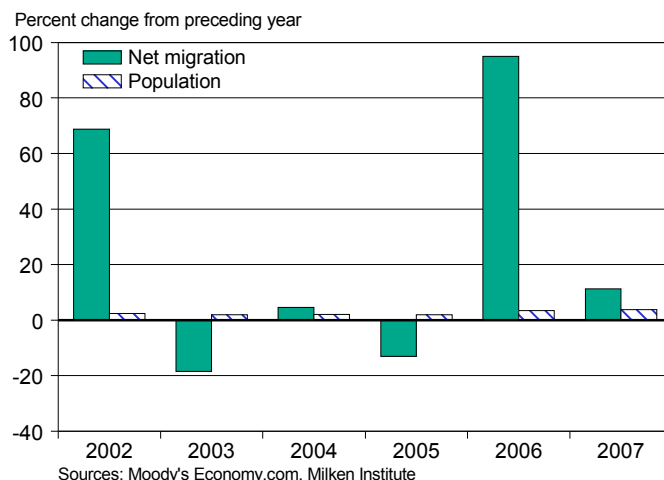




**Grand Junction, Colorado**, moved up the rankings to take the 5th-place spot. After placing 18th out of 179 small cities in 2007, the metro area made a remarkable jump into the top ten small cities in 2008 index. The indicator for one-year overall job growth shows a robust performance, 4.6 percentage points above the national average from 2006 to 2007; in this measure, Grand Junction ranks 2nd among small cities. The city's unemployment rate has consistently declined since 2003, dipping to 3.2 percent in 2007, well below the national average of 4.6 percent.

Soaring oil prices contributed to economic gains in this region due to its abundance of oil shale and potential for extraction.<sup>50</sup> The employment category for mining support activities has consequently become a leading industry here, creating 2,420 jobs for a 37.4 percent average annual increase in growth from 2002 to 2007. The availability of jobs has sparked population growth; Grand Junction experienced a net migration rate of 3.1 percent in 2007.

**Figure 28. Net migration**  
Grand Junction, Colorado

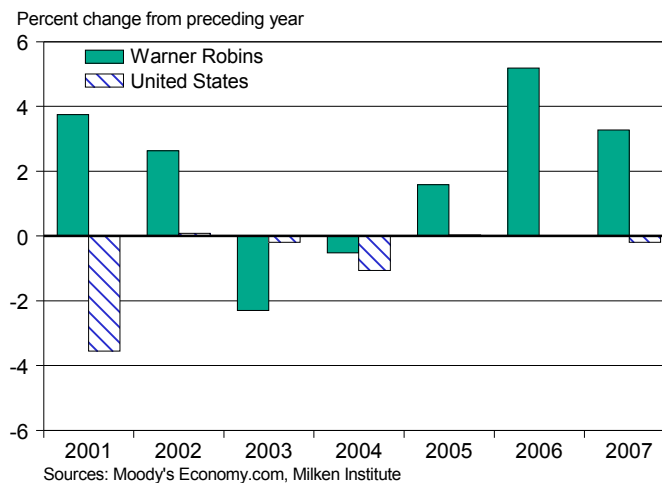


Improving on its 10th-place showing in the 2007 index, **Warner Robins, Georgia**, now ranks 6th among the best-performing small cities. Robins Air Force Base is still a dominant force in the local economy, generating \$4.2 billion in economic impact in central Georgia each year. Warner Robins Air Logistics Center remains the metro's top employer, accounting for more than 15,000 jobs.<sup>51</sup>

Not surprisingly, federal jobs are more highly concentrated in this region than jobs in private industry. This level of government employment has brought economic stability to the metro area, since federal positions typically have greater job security and less frequent turnovers.



**Figure 29. Federal government employment**  
Warner Robins vs. United States

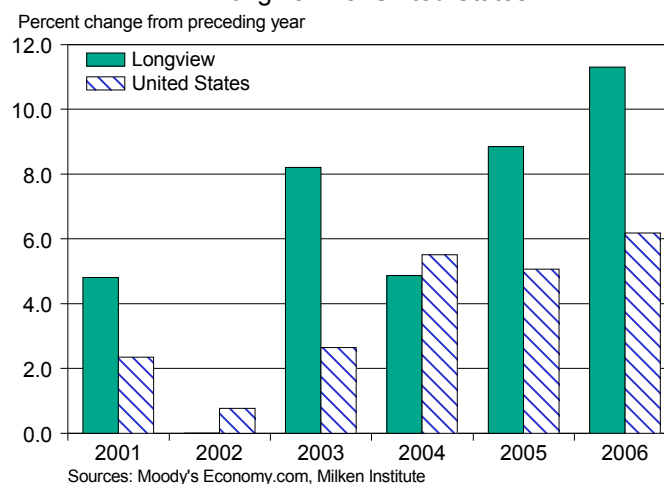


**Longview, Texas**, leapt from 30th place in last year's index to take 7th place in the 2008 ranking of small cities. Like the rest of the booming Texas economy, this metro performed particularly well in the one-year indicators for job and wage growth. Between 2006 and 2007, overall job growth hit 4.2 percent, 3.1 percentage points higher than the national average of 1.1 percent. Short-term wage growth has been solid, outpacing the national average by 4.8 percent from 2005 to 2006.

Longview's economy is fueled by the energy sector, with many jobs based in the East Texas oil fields. Oil and gas extraction and its supporting activities remain the engine of growth in this region. Particularly noteworthy is the employment category for mining support activities, which added more than 1,960 jobs in the five-year period we examined, for 13.4 percent annual job growth since 2002.

Popular as the regional shopping destination for all of East Texas, Longview has built many new retail outlets over the past year to accommodate demand.<sup>52</sup> Despite the sluggish housing market, employment in the construction industry (which includes both residential and commercial) increased by 9.9 percent since 2006.

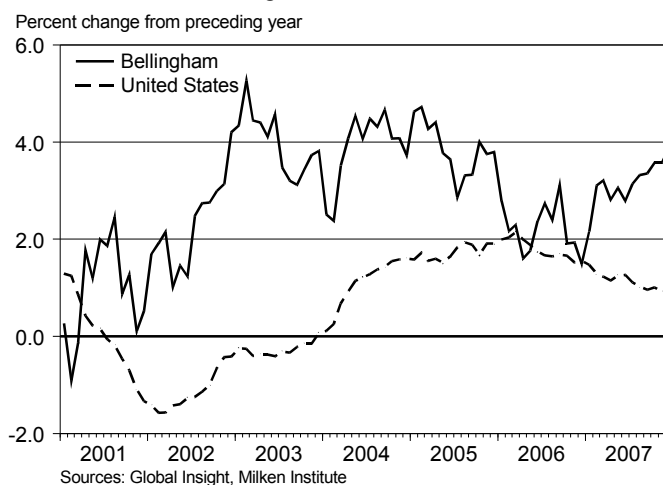
**Figure 30. Wages and salaries**  
Longview vs. United States





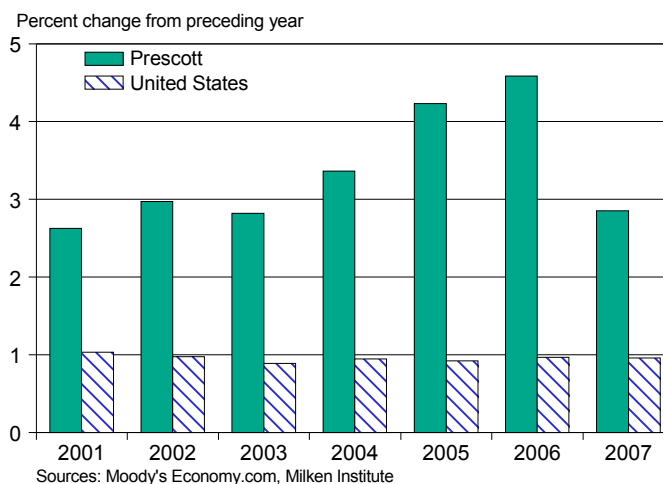
Another newcomer to the top ten, **Bellingham, Washington**, places 8th on this year's list. Job growth maintained a robust pace from 2002 to 2007, the period measured in our five-year indicator, with an average annual growth rate of 3.4 percent. Because of its proximity to Canada, Bellingham benefits from the weak dollar, since Canadian consumers often cross the border to make retail purchases here.<sup>53</sup> West Washington University is the top employer in the metro area, accounting for more than 2,200 jobs in 2007 and bringing economic stability to this region.

**Figure 31. Job growth**  
Bellingham vs. United States



**Prescott, Arizona**, slipped to 9th place this year from its 7th-place position in the 2007 index. The metro's clean mountain air and relatively low cost of living has attracted an influx of retirees as well as younger workers. Since 1990, Prescott's population has almost doubled, increasing by 95.4 percent as of 2007. During the five-year periods examined in our indicators, job and wage growth have remained strong, with Prescott ranking 4th and 3rd, respectively, among small cities in these categories. Despite a weak concentration of high-tech industry, relative high-tech GDP growth increased 12.4 percentage points above the national average between 2006 and 2007, ranking 3rd among small cities.

**Figure 32. Population growth**  
Prescott vs. United States





**Odessa, Texas**, jumped to 10th in the 2008 index of best-performing small cities, making a substantial improvement from its 27th-place position in 2007. Odessa's economy has been booming in recent years, posting strong performances in indicators for short-term and long-term overall job and wage growth. Our measurement of short-term job momentum shows that employment in March 2008 had increased by 5.2 percent in a year-over-year comparison to March 2007, the 3rd-best performance in this indicator posted among the 124 small cities we ranked. Odessa's unemployment rate was 2.9 percent in February 2008, the second-lowest in the state, trailing only Midland, Texas, which came in at 2.7 percent.<sup>54</sup>

Odessa and Midland are the economic hubs of the Permian Basin region, which extends across West Texas and into southern New Mexico and is rich in natural resources. Not surprisingly, oil and gas extraction and support activities for mining are the leading industries, accounting for some 5,890 jobs (or 9.9 percent of total jobs) in 2007.

**Figure 33. Unemployment rate\***  
Odessa vs. Texas





## 48

2008	2007	Metropolitan area	Exp. pop. growth 2007-2012, %	1-yr pop. growth 2007, %	Exp. metropolitan area 2007-2012, %	1-yr metropolitan area 2007, %	Job growth 2007-2012, %	Exp. metro area 2007-2012, %	1-yr metro area 2007, %	Exp. metro area 2007-2012, %	1-yr metro area 2007, %	High-tech 2007, %	Ed & IT GDP 2007, %	Population (Thousands)	Overall rank					
1	8	Phoenix-Own, UT, MS	119.69	10.87	3	109.54	33	105.23	3	1.95%	27	1.56%	9	606,06	100.00					
2	3	Raleigh-Cary, NC, MS	104.28	10.28	2	105.86	87	103.29	16	3.56%	17	3.56%	94	100,14	141.62					
3	18	Salt Lake City, UT, MS	107.38	11.07	11	103.51	80	103.12	19	2.20%	37	2.20%	10	321,98	144.80					
4	10	Austin, TX, MS	107.82	10.72	26	109.07	35	101.95	40	2.11%	18	2.11%	9	389,7	145.40					
5	36	Wilmington, NC, MS	115.90	8.33	5	111.26	23	102.60	30	1.39%	43	1.39%	6	100,85	152.48					
6	7	Molokai-Eleuthera, TX, MS	111.39	3	102.70	10	119.99	9	102.45	31	2.50%	9	200,80	158.84						
7	37	Olympia, WA, MS	109.45	18	101.67	25	108.90	36	101.35	32	3.09%	8	105,10	163.19						
8	37	Olympia, WA, MS	109.45	18	101.67	25	108.90	36	101.35	32	3.09%	8	105,10	163.19						
9	10	Charleston-North Charleston-Summitville, SC, MS	108.38	23	103.02	7	111.25	24	100.74	68	1.18%	53	115,73	192.26						
10	12	Orlando-Kissimmee, FL, MS	114.59	9	100.99	42	116.73	12	101.13	53	0.84%	91	113,80	192.74						
11	5	Orlando-Kissimmee, FL, MS	114.59	9	100.99	42	116.73	12	101.13	53	0.84%	91	113,80	192.74						
12	33	Kelowna-Tempe-Fort Hood, TX, MS	103.26	57	101.18	31	121.80	8	104.51	0	1.90%	28	133,55	205.52						
13	34	Lafayette, LA, MS	104.66	43	101.36	12	107.57	42	108.20	1	2.79%	29	97,74	205.21						
14	24	San Antonio, TX, MS	104.56	56	101.44	26	102.99	37	102.63	25	2.28%	14	94,07	207.93						
15	52	San Antonio, TX, MS	104.56	56	101.44	26	102.99	37	102.63	25	2.28%	14	94,07	207.93						
16	77	Seattle-Bellevue-Everett, WA, MS	102.91	61	101.88	22	96.74	146	103.23	17	2.84%	19	104,76	212.58						
17	77	Ogden-Corralville, UT, MS	107.40	27	102.93	41	107.36	41	102.99	37	1.47%	36	97,60	218.31						
18	42	Fort Worth-Arlington, TX, MS	109.02	20	103.03	21	110.10	29	102.96	29	2.45%	10	103,00	221.44						
19	20	Durham, NC, MS	102.34	70	101.99	20	99.78	120	102.33	35	2.33%	11	94,76	221.51						
20	74	Nashville-Davidson--Metropolitan-Franklin, TN, MS	104.34	46	100.12	78	107.72	39	102.38	38	1.42%	39	101,58	221.51						
21	61	Nashville-Davidson--Metropolitan-Franklin, TN, MS	104.34	46	100.12	78	107.72	39	102.38	38	1.42%	39	101,58	221.51						
22	61	Nashville-Davidson--Metropolitan-Franklin, TN, MS	104.34	46	100.12	78	107.72	39	102.38	38	1.42%	39	101,58	221.51						
23	34	San Francisco, CA, MS	111.66	15	102.42	11	109.62	34	102.69	24	0.50%	100	95,41	221.51						
24	34	San Francisco, CA, MS	111.66	15	102.42	11	109.62	34	102.69	24	0.50%	100	95,41	221.51						
25	96	Des Moines-West Des Moines, IA, MS	103.07	51	101.15	33	106.82	50	100.62	72	1.72%	100	100,07	230.24						
26	56	Des Moines-West Des Moines, IA, MS	103.07	51	101.15	33	106.82	50	100.62	72	1.72%	100	100,07	230.24						
27	38	Portland-Gastown-Concord, NC, SC, MS	103.62	35	102.80	6	106.88	49	102.76	33	0.74%	11	84,13	230						
28	38	Portland-Gastown-Concord, NC, SC, MS	103.62	35	102.80	6	106.88	49	102.76	33	0.74%	11	84,13	230						
29	60	Portland-Gastown-Concord, NC, SC, MS	103.62	35	102.80	6	106.88	49	102.76	33	0.74%	11	84,13	230						
30	38	Portland-Gastown-Concord, NC, SC, MS	103.62	35	102.80	6	106.88	49	102.76	33	0.74%	11	84,13	230						
31	31	Fort Worth-Arlington, TX, MS	109.02	20	103.03	21	110.10	29	102.96	29	2.45%	10	103,00	221.44						
32	34	Phoenix-Mesa-Scottsdale, AZ, MS	103.07	54	98.92	89	104.72	70	101.13	54	0.84%	74	121,73	230						
33	34	Phoenix-Mesa-Scottsdale, AZ, MS	103.07	54	98.92	89	104.72	70	101.13	54	0.84%	74	121,73	230						
34	94	Phoenix-Mesa-Scottsdale, AZ, MS	103.07	54	98.92	89	104.72	70	101.13	54	0.84%	74	121,73	230						
35	94	Phoenix-Mesa-Scottsdale, AZ, MS	103.07	54	98.92	89	104.72	70	101.13	54	0.84%	74	121,73	230						
36	81	Spokane, WA, MS	103.07	58	101.05	39	103.89	77	100.94	59	1.59%	34	105,77	230						
37	36	Columbia, SC, MS	103.07	58	101.05	39	103.89	77	100.94	59	1.59%	34	105,77	230						
38	36	Columbia, SC, MS	103.07	58	101.05	39	103.89	77	100.94	59	1.59%	34	105,77	230						
39	32	El Paso, TX, MS	103.07	91	101.36	104.37	75	101.37	31	2.61%	8	113,59	31	99,53	112					
40	32	El Paso, TX, MS	103.07	91	101.36	104.37	75	101.37	31	2.61%	8	113,59	31	99,53	112					
41	39	Jacksonville, FL, MS	106.67	31	102.25	72	113.67	19	102.59	27	-0.11%	148	102,91	112	102,91	31	99,53	112		
42	47	Alton-Royal, LA, MS	104.64	44	101.61	26	108.77	51	104.33	7	0.60%	95	107,04	46	99,50	114	107,04	46	99,50	114
43	47	Washington-Arlington-Alexandria, DC-VA-MD-WV, MS	104.64	44	101.61	26	108.77	51	104.33	7	0.60%	95	107,04	46	99,50	114	107,04	46	99,50	114
44	47	Washington-Arlington-Alexandria, DC-VA-MD-WV, MS	104.64	44	101.61	26	108.77	51	104.33	7	0.60%	95	107,04	46	99,50	114	107,04	46	99,50	114
45	47	Washington-Arlington-Alexandria, DC-VA-MD-WV, MS	104.64	44	101.61	26	108.77	51	104.33	7	0.60%	95	107,04	46	99,50	114	107,04	46	99,50	114
46	117	Denver-Aurora, CO, MS	104.24	95	100.98	42	107.30	44	102.36	33	0.52%	68	106.15	53	98.39	147	106.15	53	98.39	147
47	117	Denver-Aurora, CO, MS	104.24	95	100.98	42	107.30	44	102.36	33	0.52%	68	106.15	53	98.39	147	106.15	53	98.39	147
48	117	Denver-Aurora, CO, MS	104.24	95	100.98	42	107.30	44	102.36	33	0.52%	68	106.15	53	98.39	147	106.15	53	98.39	147
49	117	Denver-Aurora, CO, MS	104.24	95	100.98	42	107.30	44	102.36	33	0.52%	68	106.15	53	98.39	147	106.15	53	98.39	147
50	109	Fort Collins-Loveland, CO, MS	102.80	64	101.29	29	98.44	128	99.30	124	2.78%	6	92.60	135	98.83	143	92.60	135	98.83	143
51	109	Fort Collins-Loveland, CO, MS	102.80	64	101.29	29	98.44	128	99.30	124	2.78%	6	92.60	135	98.83	143	92.60	135	98.83	143
52	60	Omaha, NE, MS	99.76	107	100.04	80	105.39	59	103.23	17	0.46%	103	104.5	76	103,01	28	103,01	28	103,01	28
53	60	Omaha, NE, MS	99.76	107	100.04	80	105.39	59	103.23	17	0.46%	103	104.5	76	103,01	28	103,01	28	103,01	28
54	60	Omaha, NE, MS	99.76	107	100.04	80	105.39	59	103.23	17	0.46%	103	104.5	76	103,01	28	103,01	28	103,01	28
55	73	Little Rock-North Little Rock-Conway, AR, MS	105.16	38	102.36	67	124.32	6	102.21	38	0.27%	115	100.86	82	98,21	151	100,86	82	98,21	151
56	73	Little Rock-North Little Rock-Conway, AR, MS	105.16	38	102.36	67	124.32	6	102.21	38	0.27%	115	100.86	82	98,21	151	100,86	82	98,21	151
57	51	Rayville, LA, MS	104.79	41	100.58	51	117.71	7	99.89	9	0.79%	79	99.89	98	100,81	91	99,89	98	100,81	91
58	21	San Diego-Coronado, CA, MS	104.79	41	100.58	51	117.71	7	99.89	9	0.79%	79	99.89	98	100,81	91	99,89	98	100,81	91
59	21	San Diego-Coronado, CA, MS	104.79	41	100.58	51	117.71	7	99.89	9	0.79%	79	99.89	98	100,81	91	99,89	98	100,81	91
60	21	San Diego-Coronado, CA, MS	104.79	41	100.58	51	117.71	7	99.89	9	0.79%	79	99.89	98	100,81	91	99,89	98	100,81	91
61	35	Fort Lauderdale-Pompano Beach-Oakland Park, FL, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
62	63	Trenton-Ewing, NJ, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
63	64	Alton-Royal, LA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
64	64	Alton-Royal, LA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
65	72	San Diego-Coronado, CA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
66	57	Salmon, OR, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
67	121	Shenandoah-Rappahannock, VA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
68	121	Shenandoah-Rappahannock, VA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
69	103	Fort Smith, AR, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
70	86	Birmingham-Fairfield, TX, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
71	86	Birmingham-Fairfield, TX, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
72	86	Birmingham-Fairfield, TX, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
73	63	Merced, CA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80	101,46	60	101,46	60	101,46	60
74	97	San Francisco-San Mateo-Redwood City, CA, MS	103.68	25	98.38	140	112.43	21	100.49	78	-0.90%	174	100.90	80						

\* Indicates this city's position on last year's small metros list.



## Complete Results: 2008 Best-Performing Small Cities

2008 rank	2007 rank	Metropolitan area	5-yr job growth 2002-2007	1-yr job growth 2006-2007	5-yr population growth 2001-2006	1-yr population growth 2005-2006	Job growth (2007-2008)	5-yr relative HT GDP growth 2002-2007	1-yr relative HT GDP growth 2006-2007	High-Tech GDP LG	# of HT GDP LGs over 1	Population 2007 (Thousands)	Overall Index
1	3	Midland, TX MSA	113.75	103.13	8	103.13	8	148.80	97.93	87	7	10	100.00
2	6	Cour d'Alene, ID MSA	118.80	101.75	22	121.83	5	150.98	98.26	80	5	33	132.66
3	1	Bend, OR MSA	125.32	101.94	18	129.81	2	130.34	98.39	51	7	10	133.38
4	2	St. George, UT MSA	135.44	102.35	13	147.45	1	124.50	100.74	7	3	79	134.66
5	4	Sioux Falls, SD MSA	137.15	102.35	13	147.45	1	124.50	100.74	7	3	79	134.66
6	10	Vallejo, CA MSA	133.90	102.54	11	117.51	12	158.47	100.30	51	6	22	166.26
7	30	Longview, TX MSA	109.56	102.02	9	112.92	20	104.82	97.98	85	6	22	167.56
8	14	Bellingham, WA MSA	112.04	102.02	16	113.49	19	106.64	100.19	59	4	56	195.03
9	7	Prescott, AZ MSA	116.93	100.34	51	128.68	3	105.54	112.94	3	4	56	201.62
10	27	Odessa, TX MSA	111.20	103.02	9	117.84	10	87.66	100.99	6	1	110	206.02
11	11	Las Cruces, NM MSA	107.51	102.02	16	118.86	2	101.86	101.01	101	5	32	210.62
12	47	Yuma, AZ MSA	106.70	100.79	21	116.28	14	105.55	101.01	101	5	32	210.62
13	32	Yuma, AZ MSA	116.55	100.37	50	119.01	8	98.41	115.87	41	3	79	212.06
14	81	Santa Fe, NM MSA	105.15	101.36	30	109.18	30	101.81	102.06	31	10	143	222.94
15	42	Blair, NE MSA	108.03	100.97	38	110.83	22	100.55	105.48	5	5	33	226.93
16	33	Houma-Bayou Cane-Thibodaux, LA MSA	109.39	100.49	20	118.22	9	98.31	105.48	5	2	98	230.55
17	16	Fargo, ND MSA	107.15	101.12	35	109.99	28	100.63	102.35	26	3	33	230.55
18	32	Sioux Falls, SD MSA	107.15	101.12	35	109.99	28	100.63	102.35	26	3	33	230.55
19	29	Aurora-Opelika, AL MSA	111.61	101.33	31	117.06	13	101.84	98.51	77	1	110	241.99
20	54	Gainesville, GA MSA	111.61	101.33	31	117.06	13	101.84	98.51	77	1	110	241.99
21	43	Wichita, KS MSA	108.36	102.21	7	104.73	45	101.40	101.10	4	56	130	252.56
22	5	Wichita, KS MSA	108.36	102.21	7	104.73	45	101.40	101.10	4	56	130	252.56
23	35	Sioux Falls, SD MSA	105.48	101.94	20	107.86	35	103.58	104.40	15	8	121	258.27
24	34	Sioux Falls, SD MSA	105.48	101.94	20	107.86	35	103.58	104.40	15	8	121	258.27
25	25	Iowa City, IA MSA	103.39	101.52	27	103.50	48	99.34	110.11	4	6	22	278.87
26	38	Tyler, TX MSA	103.63	100.73	45	106.32	39	100.08	99.66	69	3	199	284.70
27	56	Waco, TX MSA	100.03	101.55	28	102.79	56	98.39	101.67	34	5	33	286.94
28	24	Morgantown, WV MSA	110.80	101.52	27	108.85	31	101.09	100.48	49	2	98	299.21
29	69	Kennebec-Pasco-Orland, ME MSA	106.43	101.08	5	104.80	44	95.55	100.37	22	4	56	300.07
30	10	Portland, ME MSA	106.43	101.08	5	104.80	44	95.55	100.37	22	4	56	300.07
31	31	Hartford, CT MSA	105.14	100.89	42	110.07	24	104.99	100.37	22	4	56	300.07
32	20	Fort Walton Beach-Crestview-Destin, FL MSA	106.58	100.74	117	125.16	4	99.32	100.37	22	4	56	300.07
33	46	Bowling Green, KY MSA	108.87	101.74	23	110.62	23	99.76	100.37	22	4	56	300.07
34	34	Anniston-Oxford, AL MSA	103.15	101.05	37	108.62	32	99.41	100.37	22	4	56	300.07
35	51	St. Joseph, MO MSA	109.69	101.05	37	108.62	32	99.41	100.37	22	4	56	300.07
36	51	St. Joseph, MO MSA	109.69	101.05	37	108.62	32	99.41	100.37	22	4	56	300.07
37	39	College Station-Bryan, TX MSA	104.04	100.82	44	102.30	79	99.82	100.37	22	4	56	300.07
38	67	College Station-Bryan, TX MSA	104.04	100.82	44	102.30	79	99.82	100.37	22	4	56	300.07
39	26	Medford, OR MSA	107.18	100.53	47	108.56	33	99.04	100.37	22	4	56	300.07
40	78	Auburn, TX MSA	99.57	98.80	102	105.11	43	101.67	100.37	22	4	56	300.07
41	23	Salisbury, MD MSA	105.47	98.30	89	108.19	34	99.91	100.37	22	4	56	300.07
42	30	Tuscaloosa, AL MSA	105.35	100.85	39	109.58	27	99.58	100.37	22	4	56	300.07
43	19	San Antonio, TX MSA	105.35	100.85	39	109.58	27	99.58	100.37	22	4	56	300.07
44	28	Laredo, TX MSA	110.59	101.14	34	114.74	18	99.70	100.37	22	4	56	300.07
45	109	Pasadena, MS MSA	99.83	101.19	32	96.73	88	97.45	100.37	22	4	56	300.07
46	75	Rochester, MN MSA	101.03	100.03	66	103.72	47	98.15	100.37	22	4	56	300.07
47	88	State College, PA MSA	97.18	99.79	74	103.36	50	99.12	100.37	22	4	56	300.07
48	70	Johnson City, NY MSA	104.15	100.12	61	101.01	68	98.98	100.37	22	4	56	300.07
49	83	San Angelo, TX MSA	103.52	100.12	61	101.01	68	98.98	100.37	22	4	56	300.07
50	90	Grand Forks, ND MSA	103.52	100.12	61	101.01	68	98.98	100.37	22	4	56	300.07
51	128	Florence, SC MSA	97.44	100.26	14	95.69	92	99.97	100.37	22	4	56	300.07
52	52	Chico, GA MSA	100.14	99.89	70	102.85	54	100.43	100.37	22	4	56	300.07
53	73	Valdosta, GA MSA	105.93	100.30	54	106.06	40	99.05	100.37	22	4	56	300.07
54	39	Durham, NC MSA	103.90	100.44	44	98.61	42	104.12	100.37	22	4	56	300.07
55	83	San Angelo, TX MSA	103.52	100.12	61	101.01	68	98.98	100.37	22	4	56	300.07
56	83	San Angelo, TX MSA	103.52	100.12	61	101.01	68	98.98	100.37	22	4	56	300.07
57	140	Burlington, NC MSA	96.75	92	102.13	91.17	110	99.35	100.37	22	4	56	300.07
58	95	St. Cloud, MN MSA	102.30	101.18	33	101.90	63	99.89	100.37	22	4	56	300.07
59	64	Redding, CA MSA	97.69	98.77	103	103.34	51	98.88	100.37	22	4	56	300.07
60	91	Joplin, MO MSA	102.75	100.61	45	98.12	78	99.93	100.37	22	4	56	300.07
61	93	Midland, TX MSA	102.75	100.61	45	98.12	78	99.93	100.37	22	4	56	300.07
62	40	Midland, TX MSA	102.75	100.61	45	98.12	78	99.93	100.37	22	4	56	300.07
63	21	Flagstaff, AZ MSA	104.48	99.88	71	113.81	18	98.81	100.37	22	4	56	300.07
64	97	Itasca, NY MSA	100.80	99.92	69	100.96	70	98.78	100.37	22	4	56	300.07
65	72	Columbia, MO MSA	103.68	100.24	57	101.73	64	99.14	100.37	22	4	56	300.07
66	92	Rapid City, SD MSA	100.48	100.13	60	103.13	53	98.66	100.37	22	4	56	300.07
67	78	Bremerton-Silverdale, WA MSA	105.31	100.61	45	98.12	78	99.93	100.37	22	4	56	300.07
68	103	Midland, TX MSA	102.75	100.61	45	98.12	78	99.93	100.37	22	4	56	300.07
69	134	Wallerstein-Deer Falls, IA MSA	98.86	97.10	102	103.13	53	98.66	100.37	22	4	56	300.07
70	86	Dothan, AL MSA	100.84	100.69	61	100.12	67	98.19	100.37	22	4	56	300.07
71	60	Napa, CA MSA	99.25	100.11	63	100.10	63	98.63	100.37	22	4	56	300.07
72	77	Glens Falls, NY MSA	101.48	99.25	92	102.05	62	98.00	100.37	22	4	56	300.07
73	119	Guilford-Blox, MS MSA	93.02	100.93	112	95.75	94	94.63	100.37	22	4	56	300.07
74	119	Guilford-Blox, MS MSA	93.02	100.93	112	95.75	94	94.63	100.37	22	4	56	300.07
75	152	Janeville, WI MSA	98.40	98.41	111	98.80	78	102.77	100.37	22	4	56	300.07
76	85	Florence-Muscle Shoals, AL MSA	102.47	100.57	46	97.46	84	98.97	100.37	22	4	56	300.07
77	128	Kingston, NY MSA	94.26	98.71	105	102.78	57	99.45	100.37	22	4	56	300.07
78	84	Alexandria, LA MSA	102.09	100.84	40	106.98	37	99.45	100.37	22	4	56	300.07



2008 rank	2007 rank	Metropolitan area	5-yr job growth 2002-2007	1-yr job growth 2007	5-yr wage/salaries growth 2001-2006	1-yr wage/salaries growth 2005-2006	Job growth (2007-2006)	5-yr relative HT GDP growth 2002-2007	1-yr relative HT GDP growth 2006-2007	High-Tech GDP LQ	# of HT GDP LQs over 1	Population 2007	Overall Index	
			2007 Value Rank	2007 Value Rank	2006 Value Rank	2006 Value Rank	Growth Rank	2007 Value Rank	2007 Value Rank	2007 Value Rank	2007 Value Rank	(Thousands)		
79	150	Decatur, AL MSA	98.28	81	91.54	108	98.15	84	98.38	99	2	149	510.59	
80	142	Bloomington-Normal, IL MSA	93.60	111	95.70	89	98.64	53	83.96	79	3	79	520.94	
81	104	Beaumont, TX-Texasiana, AR MSA	76	99.02	105.46	91	99.58	54	83.96	122	0	120	526.84	
82	149	Bangor, ME MSA	95.26	106	94.95	99	97.71	90	100.94	44	4	56	536.94	
83	83	Albany, WI MSA	99.75	72	97.20	87	97.21	90	100.94	44	4	56	537.71	
84	127	Bridgeport-Norwalk, CT MSA	96.38	94	99.28	74	98.89	70	99.72	67	3	79	539.69	
85	113	Jackson, TN MSA	100.55	63	99.70	87	98.10	85	99.72	117	3	79	542.38	
86	83	Pittsfield, MA MSA	96.46	93	97.23	86	97.55	92	104.29	118	3	79	544.04	
87	122	Champaign-Urbana, IL MSA	94.23	110	99.45	85	97.80	87	103.46	21	7	10	544.23	
88	125	Burlington-South Burlington, VT MSA	96.83	91	99.19	85	99.02	69	103.46	94	5	33	555.13	
89	99	Wausau, WI MSA	99.85	70	97.09	96	98.57	78	100.24	57	3	130	557.15	
90	136	Johnstown, PA MSA	98.67	74	95.01	98	98.87	105	101.44	39	2	98	557.67	
91	94	Johnstown, PA MSA	98.67	74	95.01	98	98.87	105	101.44	39	2	98	557.67	
92	100	Blackburg-Christiansburg-Radford, VA MSA	97.94	83	102.74	58	98.77	50	97.42	93	5	33	567.64	
93	106	Rocky Mount, NC MSA	97.54	87	101.59	24	98.10	118	76.01	123	9	1	146	569.70
94	143	Parkburg-Marquette-Veneta, WV-OH MSA	95.50	102	99.21	94	99.62	77	101.59	37	4	56	572.86	
95	133	Terre Haute, IN MSA	92.49	115	96.05	91	96.89	104	107.32	8	1	162	578.15	
96	133	Terre Haute, IN MSA	92.49	115	96.05	91	96.89	104	107.32	8	1	162	578.15	
97	177	Niles-Benton Harbor, MI MSA	90.11	120	100.14	59	99.47	113	104.40	102	4	56	584.80	
98	105	Albany, GA MSA	97.94	83	102.74	58	98.77	50	100.39	92	4	56	594.40	
99	145	Chickasaw-Neenah, WI MSA	100.42	65	99.69	79	99.69	79	100.39	92	4	56	595.03	
100	131	Altoona, PA MSA	97.14	90	99.63	72	99.63	112	120.23	51	3	79	597.76	
101	137	Barnstable Town, MA MSA	96.28	95	98.76	104	98.76	104	97.95	86	5	33	600.93	
102	137	Barnstable Town, MA MSA	96.28	95	98.76	104	98.76	104	97.95	86	5	33	600.93	
103	138	La Crosse, WI-MN MSA	98.99	82	98.99	101	98.99	82	100.04	64	3	222	608.89	
104	107	Decatur, IL MSA	95.20	107	99.78	75	99.78	75	94.38	112	4	56	625.05	
105	155	Shawcogan, WI MSA	98.86	75	99.26	90	97.86	81	100.58	41	4	56	626.89	
106	158	Tonka, KS MSA	90.13	119	100.29	55	99.33	114	101.08	41	4	56	631.98	
107	121	Lafayette, IN MSA	95.47	103	93.82	104	95.98	117	106.40	11	3	79	636.88	
108	121	Lafayette, IN MSA	95.47	103	93.82	104	95.98	117	106.40	11	3	79	636.88	
109	120	Montgomery, AL MSA	92.99	113	95.70	95	99.24	81	96.76	97	3	229	641.95	
110	118	Vineyard-Hillside-Bridgeton, NJ MSA	97.94	83	101.49	65	97.35	96	95.91	108	2	98	647.98	
111	168	Sioux City, IA-NE-SD MSA	95.45	104	101.09	36	98.43	120	98.76	104	4	56	673.94	
112	159	Racine, WI MSA	95.86	100	98.58	109	95.01	97	98.97	106	4	56	677.60	
113	117	Dillon, GA MSA	95.98	98	97.55	116	97.55	112	102.23	28	3	79	682.47	
114	135	Marion, IN MSA	95.98	98	97.55	116	97.55	112	95.96	104	3	79	688.59	
115	181	Marion, IN MSA	90.22	111	98.63	107	98.63	105	101.57	108	3	115	708.93	
116	165	Muskegon-Norton Shores, MI MSA	95.95	101	97.18	119	98.88	118	93.94	115	4	56	711.91	
117	164	Mansfield, OH MSA	89.51	122	98.88	122	98.88	121	101.62	38	4	56	712.64	
118	111	Wheeling, WV-OH MSA	96.01	97	98.62	108	98.44	77	96.31	101	2	98	713.95	
119	173	Anderson, SC MSA	95.31	105	100.52	48	98.21	121	93.47	118	1	180	731.31	
120	178	Springfield, OH MSA	80.85	177	97.66	114	97.66	101	97.66	123	1	180	732.30	
121	178	Springfield, OH MSA	80.85	177	97.66	114	97.66	101	96.54	123	1	180	732.30	
122	167	Lincoln Township North, MI MSA	91.32	116	98.65	123	98.65	123	94.04	114	1	105	784.59	
123	178	Battle Creek, MI MSA	90.00	121	97.23	118	97.23	120	96.11	102	1	110	803.00	
124	174	Jackson, MI MSA	87.63	124	89.23	117	94.34	121	96.74	98	2	98	855.37	

\* Indicates the city's position on last year's large metros list.







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3. An industry's location quotient (LQ) measures the level of employment concentration in a given location (in this case, an MSA) relative to the industry average across the United States. A metro with an employment LQ higher than 1.0 in a high-tech industry, for example, has a greater concentration of that industry than the nation has, on average. It is an indication of whether a metro has successfully attracted an above-average mass of high-tech industries. Metros that exceed the national average in high-tech industry LQ have an edge in attracting and retaining high-tech firms because of their dense employment base and other positive agglomeration, or clustering, factors.
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